DAILY MARKET LETTER

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CHICAGO, 4 March 27, 1958

USDA in its DEMAND AND PRICE SITUATION REPORT comments that the gross national product in the last quarter of 1957 was down 1 1/2% from the peak third quarter rate as businessmen sharply reduced their investment in inventories and consumers reduced expenditures a little. Capital spending by businessmen for plant and equipment increased nearly 40% between early 1955 and the third quarter of 1957. However, reports of anticipated capital spending for the January-March quarter of 1958 indicate a decline of 5%. Government spending rose rapidly between mid-1956 and mid-1957, with national security expenditures increasing $4 1/2 billion, while state and local spending was up nearly $3 billion. For the last half of 1957, gains in state and local spending offset a decline in national security programs of $1 billion. The President's budget released last month provides for a sustained rate of federal spending for the first half of 1958, with some expansion in the fiscal year beginning July 1, 1958.

Prices received by farmers in mid-January were up 2% from December and 4% from the year earlier. However, prices paid by farmers, including interest, taxes, and farm wage rates continued to move up in January to a new all-time high. The family living price index remained at the same all-time high first established in November, 1957. Higher meat prices were primarily responsible for increasing the food index. Prices for commercial vegetables rose nearly 40% in January as the prolonged period of adverse weather in Florida and Texas sharply curtailed marketings. Meat animal prices were up 5% from December, while price declines occurred for eggs, dairy products, cotton and corn.

The Kansas weekly crop report stated that another week of damp weather continued to delay spring seedings and farm field work is piling up for a big rush as soon as the weather breaks. Seeding of oats and spring barley has now been delayed beyond recommended planting dates over virtually all of the state. Wheat continued to benefit from the additional moisture over most of the state; stands are excellent although some damange in low spots resulted from standing water. Cool weather has held back early growth, thus lessening the damage from late spring freezes. The Oklahoma weekly bulletin says prospects for a good wheat crop continue to be extremely promising. Winter oats were in good condition in many fields and spring-planted oats up to a good stand. Pasturing of small grain crops was sharply reduced by wet fields throughout the state. Drier weather during part of the week was helpful but more sunshine is needed.

According to the American Soybean Association, USDA officials currently are estimating the 1958 soybean crop at around 490 million bu, which would compare with 480 million bu in 1957. A tentative yield estimate of 21.5 bu per acre is being used but if last year's yield is applied, the crop would go well over 500 million bu. However, officials think it is too early to figure any yield as high as this. An increase in exports of soybean oil is expected from now into the early summer. The estimate of crush has been raised to 335 million bu, and the carryover is estimated at about 35 million bu, with CCC holding 25 million of this.

CCC sold exporters 680,000 bu #3 and 4 yellow corn at the Atlantic overnight but rejected lower bids on 1 1/2 million bu #3 yellow corn and 720,000 bu #4 yellow corn. It was reported that the U. K. had purchased parcel lots of #3 and #4 yellow corn.

Primary receipts of wheat were 874,000 bu vs. 1 million last week and 653,000 a year ago. So far this week Kansas City and Minneapolis wheat stocks have increased 293,000 bu.

New-crop months of wheat were quite firm and gained on the May. There was no particular news affecting wheat, but considerable short covering took place and some stop-loss orders were uncovered. The President has as yet taken no action on the freeze bill, but it is thought that something may take place prior to the weekend, and it is still anticipated in many quarters that a veto will be forthcoming. Corn also gave a better account of itself, and there seems to be more confidence that a subsidy export program may be adopted shortly. Beans staged a good rally after early weakness but best prices were not maintained. Meal prices were very firm but new lows for the season were made in oil. Oats and rye were higher, and it may be that if a subsidy export for corn is approved similar programs might be put into effect for oats, barley, rye and grain sorghums.

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CHICAGO, 4 March 28, 1958

Almost momentarily the President's decision on the Freeze Bill should be made known. Washington dispatches this morning seem to indicate that the Chief Executive will veto the bill. However, there seems to be some difference of opinion as to whether in vetoing same he will back the Secretary of Agriculture completely, or whether hemay recommend some easing in the cut on dairy price supports. So far none of the advices indicate that anything will be done as far as wheat is concerned. Apparently the dairy situation is a very controversial one. We have pointed out several times in the past the rapid strides made by agriculture, with more efficient farming, more efficient use of labor, etc. While we arenot as close to the dairy situation as we are to grains, the New York State College of Agriculture points out that during the last 40 years, dairy farmers in that state, where cost accountings have been set up, have increased their labor efficiency until today's farmer is producing 2 1/2 times as much milk per hour of labor as did yesterday's dairyman. The figures also indicate that the cow produces 110 lbs of milk per hour of labor; a generation ago they produced only 45 lbs. The production per cow has climbed steadily from a level ofabout 6,000 lbs per year to a level of slightly more than 10,000 lbs. The amount of grain fed per cow has increased about twofold from a level of about 1,900 lbs per cow yearly in the cost accounting history to about 3,600 lbs in recent years. At today's level ofmilk production, about 35 lbs grain are required to produce 100 lbs of milk, which compares with 30 lbs 40 years ago.

Monday, March 31st, will be the last day for redemption of wheat loans in storage. Naturally, the final figures, which will not be issued for some time, will be awaited with great interest. The last figure issued showed that there was approximately 255 million bu placed under the loan, with redemptions of 15 million, leaving a net figure of 240 million bu. There have been further redemptions of wheat in the Southwest, particularly truck wheat to the Gulf, but at the present level of prices redemptions on the Pacific Coast have undoubtedly lagged. The figure of 240million bu in the loan would compare with a take-over figure last year of 140 million bu.

The big key to the actual tightness that will exist in cash wheat from now on until new crop is available will depend on the final export figures for the present crop year. The government is still figuring around 400 million bu, although at the present rate they are only running around 365 millionbu. Should government estimates prove correct, it would indicate a tightness of free wheat supplies, although the real shortage may not be felt until nearer the close of the season. At the moment the new crop is probably ten days to two weeks late. However, this could easily be made up with proper sunny and dry weather. Should we have an early harvest it could offer some relief to the dwindling free supplies, particularly in the Southwest.

The five-day forecast seems to indicate more moisture throughout most of the grain belt, with temperatures somewhat below normal. This will no doubt further delay field work, particularly in the states west of the Mississippi. It was reported today that Yugoslavia bought two cargoes of #2 hard wheat, and one export house apparently bought enough May wheat to cover one cargo. On the other hand, another exporter sold Chicago May in fair quantities, and it is thought that they were buying Kansas City July wheat against same. May wheat acted nervous through most of the session. Flour business is draggy with current bookings rather light. However, according to The Southwestern Miller, larger flour business has been consummated with Saudi Arabia and other Middle-East countries. There was apparently good buying of beans on part of brokers with processor connections. Bean prices were also helped by the strength in meal and oil. Corn prices did not fluctuate much during the session. Exporters seemed to be the best buyers, while locals were the best sellers.

Primary receipts of wheat today totaled 807,000 bu vs. 1,020,000 bu last week, and 922,000 bu last year. Kansas City and Minneapolis stocks of wheat so far this week show a net decrease of 319,000 bu. When the wheat visible supply figures are posted on Monday they will be compared with a decrease last year of 2,449,000.

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CHICAGO, 4

March 31, 1958

This morning President Eisenhower vetoed the Freeze Bill with the statement that approval of the measure would only pile up more farm surpluses and tighten federal controls over farmers. He further stated in his veto message that what the farmeconomy needs is a "thaw" rather than a "freeze". He proposed a five-point program asking for looser controls and greater authority for Secretary of Agriculture Benson to cut price supports and extension of the overseas farm surplus disposal program. Should Congress concur with the Chief Executive's recommendations, he promised that acreage allotments in 1959 would be set at least as high, and possibly higher, as those that prevailed in 1958. He pledged that there would be an enlargement of Public Law #480 if Congress approves the extension already proposed. His program includes the curtailment of sales by government to commercial users of dairy products. Also he calls for an export program for cotton, corn, and other feed grains similar to the current export setup on wheat to be put into effect by administrative action. This would enable cotton and grains to move directly from commercial markets to the export trade without running them through the Commodity Credit Corporation. It is not contemplated that Congress will muster enough strength to override the veto. Secretary Benson, before the Senate Committee today, renewed requests for permission to cut supports as low as 60% of parity and for authority to expand planting allotments while cutting price supports. He also asked Congress to repeal the escalator clause under which supports rise as surpluses drop.

After the close of the market Friday, new parity figures for mid-March were issued, showing an advance of 2¢ from the month previous in both wheat and corn. Translating these figures into wheat, it would call for an advance of 3¢ over the $1.78 loan announced, based on the permissible minimum of 75%. This would make the wheat loan $1.81 compared to the previously announced $1.78. According to USDA the index of prices received by farmers increased 4% during the month ended mid-March, and this represents the sharpest increase for any month since February, 1951. Nearly all commodities joined in the rise but most important were continued higher prices for meat animals, and higher prices for potatoes, fruit, and eggs also contributed substantially to the increase. The index of prices paid for commodities and services, interest, taxes, and farm wage rates rose 1% for an all-time high.

Over the week-end there were again rather copious rains throughout the winter wheat territory, which, while delaying spring work, certainly continue to improve the moisture situation in that area. Weather forecasts indicate some further rains in the Southwest tonight or Tuesday, with slightly warming weather. In the areas east of the Mississippi, there was no moisture, and in the Middle West there was no moisture of consequence, and above normal temperatures were forecast for the next five days. The Santa Fe in their crop report states that wheat prospects are rosy. Winter wheat continued to benefit as soil moisture reserves continue to be built up, and the crop is coming out of winter dormancy in many areas. However, planting of other sorghums and cotton got off to a slow start in Texas because of wet, cool weather during late February-March.

According to Broomhall, despite recurring periods of wintry conditions marked by subnormal temperatures and occasional snows, there have been surprisingly few complaints of crop damage from Europe during the month of March. It is contemplated that comments will become increasingly optimistic in view of mostly good moisture supplies. In talking with our Fort Worth office today, they feel that nothing can prevent a bumper wheat crop in Texas except a heavy freeze in April, as the plant has quite a rank growth. Markets today were naturally influenced by the President's veto, with new crop months of wheat showing the greatest weakness. However, sentiment in corn, oats and rye is a little more friendly, with the feeling that these grains will be put in the subsidy program. In fact, it is contemplated that the subsidy in corn may start about May 1st. We heard of only one cargo of wheat sold, and according to The Southwestern Miller flour sales over the weekend were small. There was about 700,000 bu of corn sold to exporters. Beans were affected by weakness in meal and oil.

Chicago stocks of wheat increased 219,000 bu, leaving a balance here of 5,893,000 bu. Beans decreased 291,000 bu, but stocks on hand still amount to 7,873,000 bu. Primary receipts of wheat today totaled 1,727,000 bu vs. 2,324,000 bu last week, and 1,682,000 bu last year.

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CHICAGO, 4 April 1, 1958

It is not contemplated that Congress can muster enough votes to override the Presidential veto of the Freeze Bill. However, as this is a political year, there will be much agitation over farm problems. Dr. Earl L. Butz, Dean of Agriculture at Purdue University, and former Assistant Secretary of Agriculture, said recently: "The political climate for agriculture in the months ahead has storm warnings posted all over the place. Politicians in both parties will keep the farm issue stirred up way beyond its economic importance." The former Assistant Secretary further stated that farmers who have kept abreast of technological developments are doing well and will continue to do so if the politicians will let them alone and stop erecting artificial barriers. While our farms are getting larger and fewer in number, this does not mean that the family farm is going out; it is just getting larger and more businesslike. Dr. Butz points out that the per capita income of farmers in 1957 rose 10% to $993.00, a new record high, and 2% above the previous peak of 1951. He expects a further increase in 1958. He believes this is the more important figure to watch than total farm income, because spending power and prosperity of any vocational group in our country must be based upon high per capita level of income.

Broomhall in a recent article believes that the present pattern of American agriculture and trade has come to stay. While it is true that P.L. 480 is being renewed only from year to year, in order to emphasize its trade character and to assuage the fears of competing countries, he has no doubt that it is a permanent form of trading. He believes in a hungry world; this country simply cannot afford to allow her rich productive lands to remain idle. Full production is impossible without large and continuing foreign outlets. With the revolution that has taken place in agriculture within the last several decades, output per man-hour has been stepped up by 50 to 100% compared with prewar years. The U.S. has probably made more progress than other countries in the production of high-yield wheat, cultivation technique, and general farm mechanism, but it is also true that outturn has been increased in almost every nation of the world during the past generation, and it is only by an enlightened approach to the task of distributing surpluses freely to all needy countries that the problem can be solved.

According to figures released by the Department of Agriculture, as of February 28th, the investment of Commodity Credit Corporation in price support programs amounted to $7,300 million, made up of loans outstanding of approximately $2 1/2 billion, and the cost value of inventories of almost $5 billion. This is a decrease from the year previous. Price support operations in tobacco, wheat, corn and cotton accounted for the major portion of the moneys. As of February 28th, the CCC inventory included 728 million bu wheat and almost 1,100 million bu corn.

The government weekly reports state that in eastern sections of Kansas water has drowned out wheat in low spots, and reports of soil-borne mosaic are rather widespread. Some oats were seeded in northcentral and northeastern Kansas, but there will be a considerable reduction in spring plantings, with only 9% of the oats in the ground. Oat seeding in Illinois is 1/4 to 1/2 completed in the northern portions, which is about normal, but elsewhere in Ohio, middle-Mississippi and Missouri River Basin planting is generally delayed. Otherwise there was practically no news in the market today, and trading was on the quiet side. Flour business is slow, and we heard of no new export business in wheat.

Cash premiums in the Southwest are again stout, probably showing an advance of 2¢ over yesterday. However, part of the strength came from the fact that roads are in very bad condition, which is deterring the hauling of wheat and corn. Free stocks of wheat in Chicago decreased 320,000 bu, and the total now is approximately 3,600,000 bu. It is assumed that mills own about 2 million bu, which would leave about 1,600,000 bu as of last week. It was reported that CCC sold exporters about 587,000 bu of corn overnight, but this cereal showed a strong tendency. Beans were neglected during a good part of the session, with meal showing some weakness, and soybean oil firmed up before the close.

Primary receipts of wheat today were 1,053,000 bu vs 1,354,000 last week and only 795,000 last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 276,000 bu. At the time our letter was written yesterday the visible supply figures had not been posted --wheat decreased 2,692,000 bu, leaving a total of approximately 278 million bu, or 28 million bu less than a

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CHICAGO, 4 April 2, 1958

The Secretary of Agriculture, in commenting on farm legislation, states there is no real difference of opinion in America about our need to keep agriculture strong; the only difference is how to do it. Fundamentally, it comes down to the question: Shall agriculture be farmer-run or government-run? As he has pointed out many times in the past, it was not rigid price supports that forced farm prices up during the 1940's and early 1950's, but it was the insatiable demands of war and wartime inflations. Farmers sold all theyproduced well above support levels, and, in fact, their prices would have been higher yet had it not been for government-imposed price ceilings. He thinks that it is untrue that high rigid price supports can hold up farm income even though surpluses accumulate. The fact is there is just one year between 1947 and 1955 that farm income did not decline. In all these years until the middle of 1955, high rigid price supports on basic commodities were in effect. He again makes the point that our present farm problem developed under such price supports, and if high rigid support prices were the answer, we would have no problem.

In the political turmoil of farm legislation, one source points out that in trying to curry the favor of the farmer the recent proposed Freeze Bill overlooks the fact that the present situation points to favorable prices for livestock, at least through the remainder of the year, and this should be an important item between now and election time. In Illinois and Indiana farmers derive close to 40% of their annual cash receipts from the sale of cattle and hogs, while in Iowa it is close to 60%. For the country as a whole, cash receipts from hog marketings increased 6% last year. Mr. Simerl, Universityof Illinois farm economist, predicts that hog prices will remain favorable to producers for another 15 to 18 months, and other market observers are forecasting generally favorable profit opportunities for efficient operators in cattle through this year, and perhaps through 1959.

In all of the farm programs of past years, no way has been yet devised to get the price support programs to the needy farmers. Of the $3 billion paid for price supports and subsidization in 1957, 79% went to the 1,290,000 large-scale marketers of $5,000 or moreper year, 12% went to the 811,000 medium-scale farmers of $2,500 to $5,000 per year, while only 9% went to the 2,681,000 farmers selling less than $2,500 worth of products per year. More than 82% of the price supports were concentrated in wheat, cotton, corn and dairy products.

There was not much in the way of overnight news. Except for some light rains in the Northwest, generally fair weather prevailed the past 24 hours. Temperatures have moderated and are now close to normal or slightly above. The forecast suggests clearing weather in the Southwest except some probable showers in western portions Thursday night or Friday, with mild temperatures. In the corn belt weather should be mostly fair tonight and Thursday except a few light showers in the northern portions late tonight or Thursday.

The only export sale in wheat was 7,200 tons sold to Yugoslavia. There was, however, one barge of about 40,000 bu sold to go out of Chicago to the Gulf for export. It is presumed that the sale of another barge-lot is in the making, and according to schedule there ought to be several barges shipped next week. So, gradually some inroad is being made on Chicago stocks.

May wheat was strong during the session. There seemed to be a fair amount of buying by commercial interests and those with export connections. However, the deferred months did not respond, and the differential between May and July widened. Premiums in Kansas City were on the easy side, probably 2 or 3¢ lower than yesterday. The government sold approximately 760,000 bu of corn to exporters overnight. Corn has been showing a better undertone, although buying did not seem to be too heavy today. Beans were almost neglected, and trade and fluctuations were very light. Meal prices were softer but firmed before the close. Some of the urgent demand for cash meal seems to have been satisfied. According to the CCC they are limited as to the minimum price at which they can offer defaulted loan wheat from the 1957 crop. The list of prices for April, they state, is not less than the 1957 applicable loan rate, plus 31¢ per bu-- a good example, Chicago ex-rail or barge price for #1 hard at $2.58. There was no pick-up in flour sales, and export business is draggy.

Primary receipts of wheat today totaled 804,000 bu vs. 885,000 bu last week, and 762,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 249,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 3, 1958

An economist with Stanford University has published a rather interesting article in the Journal of Political Economy on the imbalance in the world wheat economy. It is pointed out that the world wheat economy today is seriously out of balance, and that since 1952 production has persistently gone ahead of effective economic demand for wheat. Publicly quoted wheat prices have not been permitted to reflect the underlying readjustments, but it has shown up clearly in other disturbing symptoms. It has forced the two major holders of wheat stocks: namely, Canada and the UnitedStates, to establish restrictive marketing quotas, supplemented in this country by restrictive wheat-acreage allotments, large Treasury payments for diversion of allotted acreage to the Soil Bank, and several of the exporting countries have resorted to unprecedentedly costlysubsidization of wheat exports, prompting serious international complaints of "export dumping" and "unfair trade practices." The peak carryoversof the last four years have never before been equalled, and they were only closely approached once during World War II, at which time the huge wartime holdings mainly represented needed wartime feed, raw material for industrial alcohol, and essential security and postwar reserves. They were not excessive or burdensome in the same sense as peacetime stocks of similar size.

Since the end of the war many who subscribed to the neo-Malthusian theory pointed with alarm to the world population projections made for the period 1955 to 1980. It is generally accepted that as many people will be added to the world's population in the 60 years ending in 1980 as were added during the whole preceding history of mankind. World population in 1955 was given as 2,691 million people, and it is projected that in 1965 this figure will reach slightly over 3 billion. However, in contemplating food consumption it must be taken into consideration that the large additions to world populations are expected to come in the less-developed, poorer countries that cannot afford to buy much foreign wheat, particularly dollar wheat at prices which western farmers deem fair, and in contrast the higher income wheat -eating populations of non-Soviet Europe are growing much more slowly. In these and other high income areas population growth may not even compensate for declining per capita consumption over the next decade.

The postwar increases in wheat imports and consumption of low income countries were in substantial part artificial and were partly a direct reflection of the great imbalance in the world wheat economy rather than the basis of hope for early readjustment. While the potential market for wheat imports is sizable and growing in many undeveloped countries, there will long continue to be a market for low-priced wheat, particularly low-priced wheat made available on attractive credit or barter terms. There seems to be no reason to expect rapid population growth and dietary shifts to solve the wheat surplus problem in any near-term view, particularly at currently published export prices.

The weekly reports of Kansas and Nebraska point out that very little progress was made in spring seeding and tilling operations during the past week due to wet weather. The Kansas report states that wheat in western areas generally looks good with soil moisture reserves very favorable. In Eastern Kansas some concern is expressed with reference to wheat standing in water. Oklahoma mentions that wheat prospects continue to be highly favorable, while the Missouri report also mentions that winter wheat is reported to be in good condition. However, as a whole some bright, sunshiny weather would be more than welcome.

There was not much news in the market today, and with the long weekend due to the Good Friday holiday, there was evening up on part of locals. We did not hear of any export business in wheat overnight. One exporter was a rather prominent buyer of July wheat. May wheat had an extremely nervous undertone; at one time the differential between May and July went up to 30 7/8¢, but the May did not maintain its advance. Flour business is quiet. The cash wheat basis in Kansas City was about 2 1/2¢ lower today, or a decline of almost 5¢ in the last two days. Corn held firm, country offerings are rather light, and we expect this to continue until farmers have completed their spring work and their fall seeding. There was very little interest expressed in beans, although nearby meal was distinctly weak, and apparently the more urgent demands have been met

Primary receipts of wheat were 661,000 bu vs 874,000 bu last week, and about the same last year. When the wheat visible is posted on Monday it will be compared to a decrease last year of 5,575,000 bu. UHLMANN GRAIN CO.

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CHICAGO, 4 April 7, 1958

When Congress returns from its Easter vacation, we will no doubt hear more and more of the drive to put the full force of government spending into the economy. However, in thepresent thinking very little regard is apparently given tothe record of past recessions and to the facts of the present situation in relation to thepast. There is not much attention being given to the long-term future consequences of deficit spending to solve the present temporary problem. Naturally Congress is concerning itself with the recession which has caused temporary unemployment of many workers. However, when it is considered that the Civilian labor force is now figured at 67 million people vs. 61 1/2 million in 1950, the percentage of unemployment does not represent any staggering figure.

While we are concerned with temporary problems, what about the long-term outlook for tens of millions of people that will be adversely affected by inflationary spending as a recession expedient? It reduces the real value of all savings stated in dollars and the purchasing power of the growing number of persons living on a fixed income, as well as those whose income cannot keep pace with living costs. It is true that inflation stimulates capital expenditures of corporations and the installation of labor-saving devices, but this in turn leads to overproduction, and in turn to a decline in business activity. As one economist has pointed out" Where inflation becomes a way of economic life, it brings in its wake serious and political consequences, as has been witnessed in many foreign countries. Prosperity generated by inflation is an economic disease, which merely gives the economy the appearance of health."

Over the long week-end holiday, there was very little that developed in the way of grain news. Korea purchased approximately 1 1/2 million bu U.S. wheat for shipment from the Pacific Coast. On Thursday, the government will issue a report, as of April 1st, and it is contemplated that it willshow on the whole excellent conditions in the winter wheat area. From what we gather the crop is somewhat behind this usual period of the year, but with excellent soil conditions, a period of warm, sunny weather can go a long way toward making up for the present lag . Meanwhile, the effectof impoundings is being felt in a rather forceful manner in the cash wheat market, particularly in the Southwest, where advances in premiums have indicated a tightness in free supplies.

The USDA in discussing the feed situation states that farmers are planning a small reduction in the total acreage of feed grains this year, with average growing season, the cut would result in smaller production than last year's record output. However, with the carryover into the 1958-59 season expected to be around 60 million tons, the supply of all feed concentrates, including by-product feeds, in the new season will be more than 200 million tons for the third successive year, and will be only a little below the record of 219 million tons for 1957-58.

Corn acreage has tended downward for a quarter of a century, while the total acreage planted to oats, barley and sorghum grains has increased sharply since 1952. According to present intentions to plant, a 2% increase is looked for in the corn acreage, but smaller acreage for other feed grains. The reseal program on grains will be extended to include the 1957 crop of grain sorghums put under farm-stored price support/loans, and will permit an extension for another year of loans on the 1956 crop-farm stored barley and oats now under reseal. Eligibility requirements for grains under reseal program will be the same for quality and storage as under original loans. As of April 1st supplies of wheat remaining for export and carryover in U.S., Canada, Argentina, and Australia total 1.9 billion bu, or around 265 million bu less than a year ago. So far this season export are below a year ago with the exception of Canada, while for the 9 months U S exports were 287 million bu, or 195 million bu less than a year earlier.

Markets were on the quiet side with the exception of corn, which showed independent strength. A statement was made by Senator Ellender, Chairman of the Senate Agriculture Committee, that there is a good possibility that enough votes can be mustered in the Senate to over-ride the Presidential farm freeze veto. However, there are not too many who subscribe to this thought. The government sold about 845,000 bu corn for export, while outside of the four cargoes from the Pacific, to Korea we did not hear of any other wheat export business. Flour business remains almost at a standstill, with very few intentions in the market.

Chicago stocks of wheat today decreased 68,000 bu, but as to disposition of the stock in Chicago we will have to wait for tomorrow's figures. Primary receipts of wheat today totaled 2,540,00 bu vs 1,727,000 bu last week, and 1,896,000 bu last year.

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CHICAGO, 4

April 8, 1958

Although other segments of our economy are feeling the effects of the recession, according to the AgriculturalLetter of the Federal Reserve Bank of Chicago, food stores have been showing amazing sales volume in recent months. Despite the fact that retail sales in February had dropped 5% from their August peak, food stores report an 8% gain over a year ago. While consumers are saving more of their income and cutting back purchases of some items, especially durables, apparently food comes first. People are eating better than in past years. In the mid-30's, one-third of all households were classified as having "poor" diets while by 1955, using the same standards, the proportion so classified had declined to one-tenth. A survey made in 1955 indicated that almost one-third of U.S. family diets were somewhat deficient in at least one essential nutriment. Increased consumption of milk and green and yellow vegetables could correct the major deficiencies: namely, calcium and vitamins A and C. Probably one of the most common evidence of malnutrition is the desire not to increase the belt line.

Several authorities have called attention that until recent years, Australian wheat farmers have aimed at producing high-yielding varieties rather than preferred types for baking quality, and recently the Directors of the Bread Research Institute in Australia drew attention to the high reputation which Canadian wheat enjoys in overseas markets. Due to the fact that hard, soft, and durum wheats are clearly delineated, a strict control is exercised over varieties. In the U.S. there has been a constant effort to raise the quality of U. S. wheats, and last year many varieties were named as undesirable because of inferior milling or baking qualities. The undesirable qualities are subject to a rather heavy discount on loan applications.

Crop reports are just starting to come in from the spring wheat states. One of our very good friends writes us that from early reports moisture conditions are good to excellent over all the territory from Minneapolis to the Mountains. The survey is a little dry in the valley between Grand Forks north, but they had excessive moisture last fall, so that it will take but very little rain to put this land in good shape. Seeding of wheat in Minnesota will be completed in some sections by the middle of the week, while more or less seeding has been done through the valley and also in southern Montana. Otherwise the seeding of wheat is spotty through the balance of the territory. Montana winter wheat came through the winter in good shape, and the outlook is excellent. The winter wheat report of the government will be awaited with interest. Conditions in Texas seem to be almost perfect at the moment. They have about 3 1/2 million acres planted to wheat, and should the yield turn out as high as 20 bu per acre, it could mean 70 million bu for that state.

The government weekly crop report states that with mostly above normal temperatures over the Great Plains growth of winter wheat was stimulated, and prospects are generally good to excellent, except that small areas were drowned in low spots. Again mention is made of some concern about soil-borne mosaic in central, southcentral and eastern Kansas, although other reports we are receiving in the Kansas City area are still very optimistic.

Milling demand for wheat still remains quiet. Turkey bought three cargoes of red hard or mixed wheat, while Yugoslavia bought a cargo of Gulf hard wheat for April shipment, and Pakistan is inquiring for 6,000 tons of hard wheat out of the Atlantic. The main feature in wheat today was the varying difference in the May and July wheat, although new crop months were generally higher.

The corn-hog ratio as of April 5th stood at 17.6 compared with 19 last week and 13.9 a year ago. From what we gather the export program on corn, while not yet finalized has excellent chance of going into effect on May 1st, western Coast barley June 1st, and feed grains on July 1st. The government rejected all corn bids overnight. Cash corn premiums are about unchanged from yesterday, although corn futures ranged somewhat higher. There was some fairly active buying of beans by both commercial and speculative interests, but price changes were not of any consequence, and beans failed to follow a strong meal market, although oil was somewhat lower.

Primary receipts of wheat amounted to 1,496,000 bu vs 1,053,000 bu last week and 960,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a decrease of 178,000 bu. The visible supply figures which were not included in our letter of yesterday showed a wheat decrease of 1,208,000 bu, making a total of approximately 277 million bu, or about 24 million bu less than a year ago.

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CHICAGO, 4 April 9, 1958

There were more rains reported overnight in southwestern areas, and while ordinarily at this time of year it would have been regarded as highly favorable, we have had so much moisture lately that the rains now falling are not needed, and in limited areas are causing concern as to the possibility that the soil may become infested with Mosaic disease. This has been mentioned for the last few weeks as a possibility in the government weekly weather and crop reports. Up to now prospects for winter wheat have been far above average. Our own reports are still highly optimistic except for a few small areas that have been drowned out in low spots, but it is far too early to feel that this will be a serious factor unless wet weather is prolonged, in which case there could be some root rot, which would finally cut crop prospects. Traditionally May is a wetter month than April, despite the proverbial April showers. It is still certain that of the two extremes a little too much moisture at this time is far better than drought even though growth has been slowed up in some areas. This, of course, could improve rapidly with warmer weather and sunshine.

The trade must have felt the same way about the situation, and new crop wheat futures reacted a little following yesterday's short-covering. We also had the second day of a slight advance in the stock market after a long period of declines. Our economic position is characterized by a high level of wages, prices, and debt. The unemployment figures to which we have referred in previous letters, are not too disconcerting in view of the fact that those who are gainfully employed constitute a large body based on any previous statistical computation. It is still to be hoped that the government will not invoke too many artificial remedies in order to counter complaints that naturally arise during any recessions. Our goal for a sound economic growth and a stable dollar would indicate to us that we would be much better off in the long run if we would not pursue policies that bear an inflationary potential. Rather we should aim to keep prices from rising and perhaps even try to achieve some reductions to bring about lasting relief. There is great doubt whether either tax reduction or public works' spending could do much more than bring temporary advantages. Unfortunately many of the government recession remedies are largely inflationary, although we recognize that in view of the unfavorable business trend, there has been a rising clamor for many forms of government activity without the willingness to give natural forces a fair chance in the readjustment.

During the session beans assumed leadership in the market, and we understand that 150,000 bu will be ordered out of Chicago to gulf destinations. This had some influence on other grains although trade generally was rather light but some stop-loss buying in the bean market created more business. After navigation opens on the lakes, it is expected that there may be a considerable quantity of corn moved East with talk of possibly 2 million bu leaving here. The spot corn market was about 1/2¢ higher and basically is 4 1/2 to 5 over. Yugoslavia purchased a cargo of two hard winter wheat for mid-May shipment, and there was some covering of hedges, which createdrelative strength in the May future.

In the Central States there has also been a good deal of wet weather and the Illinois crop bulletin this morning spoke of highly variable conditions with wet weather in the south but dry in the north, with ideal field work in the latter area. Statewide, oats seeding is about three-fourths completed, which compares with about 35% a year ago and an average of about 60%. Winter wheat growth for Illinois is slow. The crop in the north looks good and recent rains should spur growth considerably. In the south fields are still pretty soggy and wheat is brown.

Statistics were of no importance or interest. As we mentioned earlier beans were more in the limelight. There was both local and professional buying of this commodity, and new-crop futures were also very strong, although we believe that the advance will permit some redemptions; therefore, we doubt whether advances can go far at this time. Corn was little affected by the higher bean market, but wheat was firm and there appeared to be moderate short covering at times. No doubt the government report on indicated production to be issued after the close tomorrow will show a fine prospect and very likely an increase over the December figure. Abandonment is likely to be quite small. We shall also have the stocks of various grains and soybeans on farms as of April 1st, and there is no shortage looked for anywhere along the line. Rye was somewhat higher, but our friends in Canada tell us that their situation remains bearish.

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CHICAGO, 4

April 10, 1958

After the close of the market yesterday, the government issued figures on grain price support activities through March15th. Most changes were insignificant although there were some adjustments as the final count was taken for wheat, oats, rye, barley, flaxseed, soybeans, etc., but there was a big increase in the amount of corn placed under support, with farmers having until May 31st to take advantage of loans. Also, the amount of grain sorghums showed a sharp increase and the final date for taking that loan was February 28th. As a matter of fact, there are almost 163 million cwt of grain sorghums impounded compared with only 22.2 million last season. The amount of corn under loan is approximately 259 million bu, which compares with 362.2 million in 1957.

Withrespect to wheat the last figure shows that 255.5 million bu have gone under support; this compares with 251.3 million a year ago. On the other hand, these figures are somewhat reduced for the reason that there has been nearly 29 million bu wheat redeemed thus far, which makes the net tie-up 227 million bu. This, of course, is still a very large figure when it is considered that a year ago the final default amounted to only 140 million bu when the crop was actually larger. The beans under loan are the largest they have ever been, with 90.4 million bu impounded compared with 65.7 million bu last season. Redemptions are only 2.1 million bu to-date, which means that the net amount withdrawn from the commercial supply is 88.4 million bu. This, of course, is a large figure when it is considered that the last estimate of the government is for a carryover next October of only 35 million bu. Furthermore, 39.4 million bu are warehouse-stored loans which have higher charges attached, and, therefore, it will mean a higher price to bring them back to the market. The farm-stored loans amount to 32 million bu and purchase agreements are nearly 19 million bu.

The trade construed the bean figures as being a little bullish. There will, of course, be constant redemptions; otherwise, therewould not be enough free beans to take care of processors' requirements for the balance of the crop. The same could be said of wheat. With the large quantities still held under government domination, we shall have to have either a high price for futures of a high premium basis, or possibly a combination to prevent a squeeze before the next harvest. This in our opinion means that May wheat in Chicago will have to rule relatively high, particularlyas the free stocks here are small, although the demand may also remain slow for the reason that millers are pretty well supplied, and in the event of a squeeze they might even place some of their holdings on May delivery with the expectation of getting some new wheat during June or July.

There was considerable moisture over the Southwest but indications are for mostly clearing conditions and slightly higher temperatures. There were a few showers in the spring wheat districts, and the forecast is for some light showers and snow flurries tonight and Friday. For the corn belt, it will remain fair over north portions but more showers are likely in the south tonight and Friday where it is already very wet.

CCC sold exporters 420,000 bu corn, 680,000 bu milo, and 140,000 bu oats.

Primary receipts of wheat amounted to 756,000 bu, which compared with 661,000 bu last week and 924,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 211,000 bu.

Trade except for corn was not particularly active but new crop wheat futures were lower and after the close we shall have an estimate of the next winter wheat crop. This will compare with a figure of 906 million bu in December, and at that time the government forecast only 6.2% abandonment and a projected yield per seeded acre of 20.6 bu. On this basis we doubt whether today's estimate can be very materially increased. Demand for flour showed no improvement, but May wheat was relatively firm and a barge of 45,000 bu of two red winter wheat was shipped from Chicago to the Gulf, and it is expected that more will follow very shortly. Yugoslavia bought a cargo of two hard winter wheat, which figured 28 over Kansas City May.

There was fair buying in beans all during the session and theoretically we could have a very tight adjustment except that of the 88 million bu in government hands, we are convinced that large quantities will finally be returned to the free market.

Broomhall's Foreign Crop Summary spoke of subnormal temperatures in Europe, although weather is moderating. Corn was in demand and there was considerable local buying. The cash basis was firm again, prices of 5 1/2 to 6 1/2 over with usual discount factors prevailing. No surprise is expected in the farm stock figures.

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CHICAGO, 4 April 11, 1958

Of prime interest was the government crop production report indicating a winter wheat yield of 964 million bu. If borne out this would be the fourth largest of record and 36% more than last year, also about 13% more than average. April reports may, of course vary between now and harvest. In the past ten years the average change during this period has been 91 million bu, with some years above and others below. Taking the figures at their face value, it looks as though production would be 57 million bu greater than the December 1st forecast and would compare with last year's winter wheat crop of 707 million bu. Prospects in the Great Plains continue to be outstandingly favorable, and if we finally raise 964 million bu winter wheat, it will be larger than last year's winter and spring wheat outturn combined. The expected yield per seeded acre now looks to be a record high by a wide margin. Likewise the abandonment is given at only 5.6%, which means a loss of 2 1/2 million acres to conversion or other uses compared with 15.8% of the total acreage lost or diverted a year earlier. The fine moisture we have had has also placed pasture condition at a high level, and nationally the outlook is the best for this date since 1949, and sharply above any year since 1953.

The four large southwestern states, comprising Kansas, Nebraska, Oklahoma, and Texas, have a winter wheat prospect of nearly 430 million bu compared with 255 million last season. Thus we feel that Kansas City will have pressure on its market before Chicago, and we look for Kansas City new crop wheat futures to lose ground on Chicago. Likewise, with this huge winter wheat crop, which has not been exceeded since 1952, we feel that carrying charges for all new crop wheat futures will widen considerably. The Kansas wheat condition is reported to be the best since 1919, while wheat conditions in Colorado are the highest ever recorded for this date.

Wheat stocks on farms on April 1st were 176 million bu, slightly above last year but 22% below the ten-year average. More than one-half of the total wheat on farms was under government loan or purchase agreement. There was less than a million bu stored on farms in each of the states of Oklahoma and Texas, and only 10 million bu in Kansas. Illinois, Missouri, Indiana, Michigan and Ohio each had farm stocks in the neighborhood of 1.5 million bu, indicating that movement from farms would not be heavy from those states. Soybean stocks on farms were estimated at 116 million bu. This is a record high by a slight margin but still only about 1 million bu more than last year. Still it is more than double the 54 million bu ten-year average figure. A much higher than usual percentage of the farm stocks are under government loan this season. Farm loans outstanding and purchase agreements on March 15th amounted to nearly 50 million bu. The disappearance of soybeans from farms during the last quarter totaled 72 million bu, which is by far the heaviest of record for a similar period and compared with 52 million bu last year. Due to the record production, there has apparently been little incentive for farmers to hold back large stocks on the farm. Rye stocks of 7.7 million bu were 75% more than the quantity held on farms a year earlier and 57% larger than average. Nearly 5 million bu, representing 63% of the national total, was in the Dakotas and Nebraska.

Primary receipts of wheat amounted to 990,000 bu, but no comparison could be made with last week which was a holiday, while receipts a year ago were about the same as today. Kansas City and Minneapolis stocks so far this week show a net increase of 345,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 4,437,000 bu.

New crop wheat futures held very firmly. There was a little reaction at the opening in response to the government report, but there was little new pressure and chances are there will not be much until we get closer to the harvest. Likewise the strength in May contracts both here and at Kansas City had a sympathetic effect on deferred months, and the close was near the top. Beans were at times indifferent because of weakness in meal, but one of the processors was a fair buyer, and there was a strong close. The spot market basis was about unchanged from yesterday. There was less interest in the corn both comercially and speculatively. May wheat at one time sold at 31¢ over July, which is the widest premium so far on the crop. Later on spreaders narrowed the differential, but with comparatively small stocks in Chicago the situation remains extremely uncertain.

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CHICAGO, 4 April 14, 1958

There have beensome developments in Europe which mayin time have an important bearing on American agriculture. On January 1st of this year a treaty was entered into by six European countries, with the express purpose of forming a common market as a part of a "European Economic Community." The six countries that were party to this treaty were West Germany, France, Italy, The Netherlands, Belgium, and Luxembourg. They figured that by merging their economies it would enable them to expand production and national trade, and in general to raise income and living standards. These six European countries absorbed $1,251 million worth of U.S. agricultural exports during the last fiscal year. They were very important to us also in the years just after the War, when our own farm products were shipped to them, at which time they depended largely on financial aid of one kind or another. As time went on these six countries bought more and more U.S. farm products with earned dollars, and in 1956-57 they accounted for over one-fourth of our total farm exports and for almost one-third of our commercial exports of food, fibers, and tobacco. Through this alliance there will gradually be a customs union, and in time they will reduce their tariffs on trade amongst themselves and finally abolish them. In the case of outsiders they will set up a common tariff.

No one can say at this time what changes will occur for any individual commodity, and, of course, it is difficult to assess in advance the economic changes that may result from the shift of six countries toward market unification. We shall continue to benefit in some ways from the high quality of our agricultural export products, such as hard wheat, etc., which is presently being shipped to those six nations but some handicaps are bound to arise unless we remain competitive based on the lower tariffs that apply to the inter-shipment of goods between these European countries as compared to the higher taxes imposed on U.S. goods. The general effects may be gradual but as their national markets are merged, we naturally will feelthe competition since these various countries have a population of 160 million people, or nearly as many as we have here in the U.S. Other nations with surpluses will likewise be affected as these six European countries start to expand agricultural exports to each other, and even their industrial export potential may increase under the impulse of this planned unification.

There was not much grain news to guide our market this morning. We heard from Washington that the House Agriculture Committee had developed a tentative bill for price supports for corn and grain sorghums for 1959-61, which would eliminate the commercial corn belt classification. Other issues were also set forth, such as establishment of a national feed grain base of 102 million acres for the entire nation.

There had been some rain reported over the Southwest and more showers are forecast but mainly for eastern districts. The five-day outlook is for temperatures from 3 to 6 degrees above normal, with little rain.

Our shipments of wheat and flour during the past week were 6.6 million bu, and the total since July 1st amounted to 288.3 million bu vs. 402 million last year. Total corn exports since October 1st were 96 3/4 million bu vs. 85 3/4 million a year ago.

Chicago wheat stocks showed hardly any change, but we think that free wheat might have declined as much as 300,000 bu, offset by an addition to CCC stocks. May wheat was quite strong, and there was buying from the Northwest. This in turn influenced new-crop wheat futures for a time but the close was little changed, except December which was firm. There was a good deal of local and professional buying in the various pits today, but later sold. This included mainly nearby positions of corn, rye and beans. The bean market advanced early, particularly for July, although new crop months lagged. It is still unseasonably cool over much of Europe, but apart from slowing growth of winter grains and causing some delays in fieldwork, there appearto have been no serious effects.

The U.S. wheat visible decreased only 95,000 bu, leaving 276.5 million bu in various markets, which is 19 1/2 million bu less than last season. Corn showed a small increase, while beans decreased 858,000 bu, of which 452,000 bu was in Chicago. This leaves 7.3 million bu here.

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CHICAGO, 4 April 15, 1958

Secretary Benson estimated that net realized income of farmers based on the first three months of 1958 would suggest an annual rate of $13 billion compared with $11.7 billion in the like period a year ago. Some of this increase is due to delayed marketings of crops that were harvested last fall but most of it reflects real improvement in farm prices. Strangely enough, the most substantial improvement in price is reported in commodities which are free of government price support programs. In a sense our country is most fortunate in its agricultural achievements. We have only about 6% of the world's population and yet produce 17% of the world's output. A record of this kind cannot be matched anywhere else in the world. The largest concentration of world population is in the Far East and on the China mainland. There more than half the people of the world are assembled, and the population's share is 52% while agircultural output is only32%. This relationship illustrates not so much the net import position of the area as the lower value of per capita consumption.

A study of Eastern Europe and the Soviet Union taken together indicates a population share of 12% and a production share of about 15%. Yet the situation is far different from that of Western Europe because in the former area net imports are small, which is a statistical expression of lower dietary standards. In the field of world nonfood output as much as three-fourths crosses national frontiers but in the category of food and feed less than one-tenth enters international trade. This may be due in part to the fact that Russian food imports are small, while Western Europe, with a population ratio of 11% of the world's total, has a production percentage of 14.6. In other words imports are only needed to augment native supplies but the supplements, while large in themselves, are somewhat smaller in comparison with total world production of agricultural produce. The mainland of China has 22.7% of the world's population, and in spite of the vast land area, agricultural production is only 13.2% of the world's total. All this is interesting from several points of view, indicating relative inefficiency of various countries, but it is also indicative of bad distribution. It also accounts for the malnutrition in many parts of the world, and is another way of saying that while the American people are well fed and well clothed, there are large segments of the world where under-nourishment is rampant. Actually over the face of this earth roughly two-thirds of the people are living from the lands and the forests but each night, despite their labors two out of three members of the human race go to bed hungry. It is, indeed, a shocking indictment of man's intelligence that some nations should struggle with problems of abundance while others suffer in abject poverty.

Before our market opened this morning, word came from Washington that Senator Lyndon B. Johnson indicated that he would not seek a vote to override President Eisenhower's veto of the Farm Bill. He noted that there were only 49 Democrats and felt that unless substantial support from other Republicans could be obtained, there was no assurance that the Farm Bill could be passed over the Presidential veto. Weather was mostly clear and mild in all sections, and field work should progress rapidly now. One of the reports from the Northwest spoke of progress although claimed that very little seeding had been accomplished during the week. Around Bismarck, North Dakota, however, as much as 25 to 50% of spring wheat and barley had been seeded. Farther west in North Dakota, seeding was just getting started. In southeastern Montana one spot reported as much as 80% of the seeding completed. There seems to be enough moisture in the ground to get the crop in and started but good, general rains after seeding will be needed.

Primary receipts of wheat amounted to 1,328,000 bu which compared with 1,496,000 bu last week and 806,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 276,000 bu.

Wheat was influenced by the government weekly crop bulletin which was extremely optimistic, and it made little mention of mosaic disease that had previously been feared. New crop futures were weaker than May for a good part of the session. There is still only about 3 million bu of free wheat in our market, which will have to last until next harvest. Part of this is owned by mills. Flour demand continues draggy and there was not much reported in export circles. Corn remained firm although best prices did not hold. The May future was higher while later months were little changed. Beans reacted and with meal prices lower there seemed to be less bullish enthusiasm on part of locals. Winnipeg rye prices were firm on talk of export interest and exporters bought futures. Our market did not pay much attention to this news. Oats were very weak.

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CHICAGO, 4 April 16, 1958

The political situation in France is grave. Felix Gaillard resigned as Premier after the assembly had administered a stinging defeat to his North African policy. We have not kept track, but it must be about the 25th French Cabinet that has fallen since World War II. Economic and agricultural conditions in France have not been the source of most of the difficulties, and the people themselves seem to be working, but the trouble seems to be largely the result of Colonial difficulties, and the last one stems largely from the fact that there has been a strong protest against what was considered undue pressure from the U. S. in the recent Franco-Tunisian dispute.

Crop development in France is about three weeks behind normal, and unless made up by end of June wheat could be susceptible to scorching, which frequently occurs early in July. Otherwise conditions seem quite satisfactory. Last summer France had a good crop following the failure crop of the year before. In general food imports and exports are about equally measured in calories but that country depends heavily on imported raw materials of agricultural origin. In land area France is about equal to that of Illinois, Indiana, Michigan, and Ohio. She exports wheat, wines, cheeses, and dairy products to various parts of the world; yet, she is the world's fourth largest importer of farm products.

In 1956, she sustained heavy expenses in Algeria; there were increased shipping costs due to Suez difficulties. Crop losses from the severe freeze in February, 1956, were costly, and she suffered also declining dollar aid. As a result gold and dollar reserves fell sharply, and today, she faces a grave balance-in-payments crisis. With a stable government, 1961 goals anticipate an increase in output by one-fifth above the 1955 level, and an increase in exports to foreign countries by one-half. However, with political difficulties and high prices reflecting in part an over-valuation of the franc, it is not so easy to export to many countries, and she will have to readjust herself to competitive conditions in world markets. Exports of most farm products are strictly controlled and many are subsidized directly or indirectly, or both. Internally the prices of practically all farm products are regulated in some way at one or more points along the channels of distribution. Products with fixed prices at the producer level include wheat, rye, barley, corn, rice and a host of other products.

Weather in this country was clear everywhere, and the five-day forecast is for temperatures above normal with not much precipitation. One of our friends in the Northwest advised us that the past week was very favorable for crop development in his territory. Some exceptions were noted principally in the north end of the Red River Valley. Some farmers delayed seeding operations in order to give the weeds a chance to germinate first and then to kill them off. In the eastern areas seeding had not yet started but general moisture conditions were good to excellent and he felt that the crop should get off to a good start. There was trade talk that possibly as much as 140,000 tons soybean oil had been sold to Spain overnight, which gave a little early impetus to the bean market. New York reported that Japan had purchased 2 cargoes western white wheat, together with some Manitobas, also Turkey was said to have purchased a cargo of two yellow corn, which makes 2 since yesterday.

Primary receipts of wheat were lighter and amounted to only 767,000 bu which compares with over a million bushels last week, and 865,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 380,000 bu.

There was rather heavy liquidation in all pits. Stop loss orders were uncovered and new crop wheat futures sold off sharply, although there was a good recovery before the close and net changes were unimportant. However, May wheat was more than 2¢ per bu lower. Corn which had been advancing now for several weeks was subjected to profit taking, and the market was fairly weak although fundamental conditions remain unchanged and we still believe that there will be further decreases in the Chicago stocks. There was a good deal of selling in beans. The sale of oil to Spain caused no more than momentary strength. Old crop months of beans were weaker than new, and there may have been some hedging against meal by local operators. The market, however, showed some recuperative power and actually new crop deliveries regained most of their early losses. Oats were weak again, but there was not much feature. The dip in wheat prices attracted a little more flour business.

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CHICAGO, 4

April 17, 1958

Kansas is by all odds the ranking wheat-producing state of the nation. The 10-year average crop shows a yield of 194.9 million bu. This is head and shoulders above North Dakota, which averaged 118.4 million bu. No other state even approached the 100-million-bu mark except possibly Montana, where the combined winter and spring wheat crop totaled 86 million bu in the same period. This year Kansas, in spite of smaller than average acreage, has a prospect for a wheat crop of 207 million bu. This will be nearly twice as great as the combined average crops of sorghum, barley, oats, beans, and corn, which totaled 125.2 million bu for that state. In other words, total production for Kansas next summer of these various grains, plus beans would give us,under average conditions, a bushelage of 332 million bu. According to the last official figures of USDA, the commercial grain storage facilities in Kansas, not including the capacity on farms, amount to 453.6 million bu.

Thus it is evident that if the carryover reserves were just moderate (which they are not) everything grown within the state of Kansas could be commercially stored and not one bushel would have to be sold. This is, indeed, a fabulous showing, and again Kansas leads as the state having the largest amount of commercial storage of any state in the Union. In number two place is Texas, with a total commercial grain storage of 418.7 million bu. Illinois comes third with 291.8 millionbu, and in fourth place is Minnesota, with commercial storage capacity of 244.8 million bu. Total commercial grain storage in the U.S., and we emphasize again that this is in addition to farm storage, has now risen to a top figure of 3.5 billion bu. The estimated storage in 1954 was 2.8 billion bu, and in 1951, 2.1 billion bu. These are all figures published under a survey made by USDA. The increase in three years amounted to 626.8 million bu. This continued expansion of commercial grain storage facilities certainly has gone a long way in helping to meet the problem of storing the huge quantities of grain and other commodities produced in this country each year to take care of accumulations that have been amassed even at a time of declining acreages but spurred by improved farming techniques and the great government incentives under the various price support programs. It is a remarkable growth when it is considered that there had been normal reductions due to destruction by fire or other causes, and in some cases the abandonment of facilities which had become obsolete.

Before our market opened this morning, there was not too much news. A few showers had been reported both Southwest and Northwest, but they were inconsequential. Temperatures are still above normal, which should prove helpful as wet weather and low temperatures previously reported over large parts of the Central States have delayed development of crops but forcing weather now should hasten growth. Our people in Texas do not agree that the wheat harvest this season will be early. Normally one would expect new wheat from southern Oklahoma and mid-west Texas around May 20th to 25th, but most people now figure it will be closer to the 1st of June. The 30-day weather outlook anticipates precipitation above normal over the southern half of the nation from the southern Rocky Mountain states eastward to the Atlantic seaboard and also in the Pacific Northwest. However, subnormal rain with considerable sunshine is indicated over the northern half of the nation and also in the Far Southwest.

Primary receipts of wheat amounted to 882,000 bu which was a little larger than 756,000 bu last week, and compared with 1,050,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 353,000 bu.

Commercial business in wheat today was rather small, but there was said to have been some buying of July wheat against export sales. A slight pick-up occurred in hard winter wheat flour sales, but the aggregate business was disappointing. Corn was weak early and possibly the CCC sales of 2,850,000 bu of grain sorghums to exporters caused a little discouragement. The close was strong. The sorghum price was equal to about $1.01 per corn bushel, which is more than 30¢ under the relative price of corn which they had been selling to the trade. A local elevator concern was a good seller of May corn at one time. May rye was very strong due largely to professional buying, which ran the market into stops. There was some commercial buying in the bean market, and new crop futures were quite strong with meal prices higher.

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CHICAGO, 4 April 18, 1958

The government has steadfastly clung to a figure of 400 million bu as probable wheat exports during the current season. Some people in the trade regarded this as overly optimistic, and this may turn out to be the case. However, their mark will not fall far short of the goal. According to Broomhall, wheat and flour shipments since July 1st have totaled about 300 million bu. This compares with 411 million bu a year ago for the same period, and total exports last season amounted to 549 million bu, which was a record high for all time. We shall be fortunate this year if in the remaining twelve weeks of the crop season we average much more than 6 to 6 1/2 million bu in the weekly shipments, so that total clearances for this season may not reach a figure much above 375 million bu. Even this would not be a bad showing in comparison with other years, excluding, of course, the previous season when a record was made. As a matter of fact, we are furnishing little less than 50% of total world wheat requirements, which is, indeed, a good showing, particularly when it is considered that Canada has a tremendous surplus and that Southern Hemisphere countries also look for outlets, although at the present time Australia is virtually eliminated due to a very poor crop.

The thing in our opinion which is more disappointing is that our total domestic disappearance does not increase as population continues to rise. For example, in 1910 there were only 92 million people in this country. According to the last unofficial census we have almost doubled that figure. At the same time home usage of wheat for all purposes has hardly increased. In the ten-year average period of that date we were consuming 575 million bu, and now with about 174 million people, it is doubtful whether domestic wheat consumption will exceed 590 million bu, which in essence means that the American people are eating much less bread. As a matter of fact, on many American tables only a few thin slices at best are being served. Furthermore, with the efficiency of the modern bakery, there is much less wasteage than when mothers made bread and rolls in the home oven.

The Quaker Oats Company's Summary spoke of a lack of surface moisture in the Mid-West, where a good rain would be most welcome. Winter wheat is far advanced in most areas, and they say that at the present time prospects everywhere are excellent with about the only threat being excess moisture or a late frost. Still the Company believes that the government's April 1st winter wheat forecast of 964 million bu is so high that it would seem almost impossible to have it maintained throughout the remainder of the season.

It is expected that within a few days Poland will start buying against its 200,000-ton authorization. The market in general has lacked such supporting type of news for some time. In the Southwest the cash wheat basis has declined but now is showing a hardening tendency. We understand that some wheat was worked out of Chicago rather quietly yesterday, so that with the free stocks already small, it imperils the May wheat situation to some extent. Germany purchased a cargo of two hard wheat for last half June shipment, and also some parcels of soybeans, while Poland bought a cargo of corn and a cargo of milo. Our friends in Winnipeg comment on the recent Canadian export business in rye, which they feel has changed the picture and they no longer favor short positions.

Primary receipts of wheat were 896,000 bu which compared with 990,000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 412,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last season of 3 million bu.

Trade was not particularly large but markets had a firm undertone. In view of recent sales of red wheat, we feel that shipments from Chicago will continue at a moderate rate and this could have a stimulating influence on May wheat. It was higher at times, but so were also deferred futures. Before the close, there was some evening-up. Spot corn basis was about unchanged at 8 over. A processor sold May corn, but we think this was against some high priced cash corn that the firm bought. Some of the larger locals were good buyers of November beans, and in fact the bean market generally was strong. An elevator concern bought May beans and sold July at 2 7/8¢ difference. Buying in the various pits was more pronounced than the selling. December wheat lagged at times but this, in our opinion, does not denote any change as we look for gradually wider carrying charges all along the line in so far as new crop wheat is concerned.

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CHICAGO, 4 April 21, 1958

There is some talk but not too much hope on part of certain Congressional leaders that they may be able to override the Presidential veto of the Farm Freeze Bill. Anyone who is a student of economics must realize that to have large crops and high prices is a contradiction. Farmers are prepared in years of big crops to accept a somewhat lower price for their commodities, and a good manyof them realize that agricultural production cannot be successfully controlled by government action. Our experience in the past has shown that when the price level was held artificially high, tremendous accumulations were amassed. Furthermore, it should be borne in mind that through modern techniques we have made tremendous strides in agriculture, and even since 1940 the per-acre yield of corn has risen 56%, wheat 40%, cotton 67%, while last year's yields of all major crops averaged 27% above the 1947-49 level. Moreover, the old support program did not materially help the small farmer. The fact is that more than half of our farms market only 9% of agricultural production, sothat even moderate help to this group would not materially solve the situation.

It is, indeed, a tremendous achievement that 20 million people on farms today constituting less than 1% of the world's population are producing between two-fifths and one-half the world's production of eggs, red meat, and milk. This has made it possible for the American people to enjoy the highest standard of living, and it is because of such efficiency that farms have to be run and decisions have to be made and responsibilities have to be borne by the families on the farms. In other words, the direction cannot be made as it is in Russia by bureaucrats who lay down rules and regulations only to find that incompetence and inefficiency result.

Before our market opened, there was not too much news to guide it. There had been considerable rainfall over the Southwest during the week-end period, while scattered showers and thunderstorms were reported in the Northwest and over portions of the corn belt. Generally speaking, this moisture had been heavier than anticipated and was contradictory to the30-dayoutlook, which spoke of generally dry conditions in the northern part of the country. CCC was a liberal seller of milo and 1,400,000 bu was sold to exporters, together with about 1 million bu corn at Gulf and Atlantic ports. Reports from the East told of a cargo of soybeans sold to Denmark and Russia was said to have taken 7 cargoes of Manitoba wheat. Russia finally consummated these trades after a period of hesitancy. Total stocks of Canadian grain in all North American positions at end of March showed 815.7 million bu wheat vs 904.3 million bu last year and a ten-year average of 582.8 million bu. The Census Report was construed a little bullish on beans at the start with March grindings 30.8 million compared with nearly 29 million a year ago. However, bean stocks on hand were nearly 58 million bu compared with 44 million last year. Meal stocks were quite a little smaller than last year but there was an increase over the February figure.

According to Sanford Evans, moisture conditions in Canada are adequate for present needs but rain will soon be required in most districts. Some seeding has been accomplished inthe Prairie Provinces, especially in the areas extending south to the U.S. boundary in Manitoba. According to the last official estimate, Canadian farmers will reduce their wheat acreage by 2% from last year. The largest change will be in barley, with an increase of 5%.

Chicago wheat stocks decreased only 66,000 bu, but we shall have a clearer picture of the Chicago situation tomorrow when we find out whether CCC stocks increased, which we believe they did, and it might be at the expense of free wheat held here. Two barge loads of wheat are expected to load in Chicago today, and while May wheat has been relatively weak lately we feel that it could flare up again and for the time being would not care to be short it. Local corn stocks decreased 1.4 million bu, leaving 25.4 million bu here. Beans increased 240,000 bu to a total of 7 1/2 million bu. Markets were generally weak although some of the locals who sold early, covered commitments later in the day. The spot corn basis was 1/2¢ down, although some corn sold at 8¢ over, but it was of exceptionally high quality. Beans were influenced by the meal market, which reacted. One of the industries bought a small quantity of May beans, but generally speaking there was not a great deal of commercial interest, but there seemed to be some speculative selling throughout the session.

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CHICAGO, 4

April 22, 1958

Secretary Benson addressed a large group of cattlemen at Purdue University last night. He pointed out the improved economic position of farmers, particularly livestock producers, and compared the higher prices for the non-supported livestock with the supported crops. He indicated that livestock producers have contributed immensely to their own welfare by avoiding controls, which would have been necessary had there been government price supports. On January 1st, farm assets hit an all-time high of $188 billion and farmers' debts were less than $11 for each $100 of assets. In 1940, the ratio was $19 for each $100. The secretary pointed out that it was not a pleasant task for Mr. Eisenhower to have to veto farm legislation passed by the Congress, but that there was so much at stake in the welfare of our people that there was no alternative. In his words: "That freeze bill was a gross underestimate of the economic intelligence of our farm families. Anyone reading my mail would find quickly that that bill alarmed farmers all over the country. We in the Department shared the concern that many farmers expressed -- and the President wisely vetoed the bill to avoid the disservice to farm families and the harm that surely would have followed from its acceptance.

Before our market opened there had been reports that Poland purchased 5 cargoes hard wheat via the Atlantic for June shipment and 2 cargoes from the Gulf for late May-early June shipment. Yugoslavia had also purchased a cargo of No. 2 hard wheat for June shipment. This, of course, necessitated some covering of hedges but they were easily obtained, as the carryover feeling from yesterday had been somewhat bearish following the sharp declines which had taken place. The hedge-lifting appeared only moderate. It was also reported early that Austria had purchased 2 cargoes corn and 1 cargo spring wheat for June 10th to 25th shipment. Showers had been quite general over the corn belt during the past 24 hours, and they extended to the Southwest, while elsewhere precipitation was of no great importance. We shall, however, probably have more scattered showers with rather cool temperatures tonight and Wednesday in the Southwest and some more showers tonight and probably Wednesday over the corn belt area, with rather low temperatures. The Peavey crop report spoke of rain that ranged from 1/2 inch to 2 inches during the last two weeks which was welcome, and both surface and subsoil moisture seemed to be good, although there has been some delay in seeding operations due to frost and wet areas, This included southern Minnesota and most of South Dakota; in northern Minnesota and over most of North Dakota showers where they occurred were mostly light and there seems to be a little concern about low subsoil and surface moisture in the western third of North Dakota. Winnipeg wired that 250,000 bu oats had cleared yesterday for Buffalo, while CCC had sold exporters 420,000 bu milo via the Gulf and a small quantity of oats, track New Orleans, but there was nothing overnight in corn.

It is figured that on April 1st, there was 1,099 million bu of wheat in this country available for export or carryover. This compares with 1160.6 million last year and a 5-year average amount of 958.1 million. The reduction of 72 million from last season may be partially made up by July 1st due to smaller export shipments, For example, during March of this year we cleared 29 million bu wheat and flour compared with 51.2 million in March 1957, and the chances are that last-quarter clearances will also make a poorer showing in comparison with 1957 shipments.

Primary receipts of wheat were somewhat over 1 million bu and compared with 1.3 million bu last week, and 972,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 27,000 bu.

During the week free stocks of wheat in Chicago declined 244,000 bu. The government has holdings of 3 million bu here, and free stocks amount to about 2 3/4 million bu. May wheat was weaker relatively than the new crop futures, and there was considerable liquidation. However, if anyone wants delivery, the nearby could again become strong. New crop wheat held relatively well, and finally closed a shade higher. There was considerable weakness in July and August meal, with the market running into stops. Cash meal did not sympathize. However, old crop beans were very weak, which in turn affected the deferred futures sympathetically. Corn was down considerably. The government weekly crop report spoke optimistically about corn planting in southern portions of the country, while plowing was progressing favorably elsewhere.

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CHICAGO, 4

April 23, 1958

Crops in the Southwest are making good progress although temperatures have dropped and are now several degrees below normal, while there has been a considerable amount of rather light rainfall over most districts and scattered showers are expected again tonight and Thursday. In one or two sections we heard a few complaints of dust but this must be the exception rather than the rule. Adequate irrigation water supplies are practically assured by increased rain and mountain snow during March throughout most of the West. The pasture condition April 1st varied greatly but on an average it was the best for that date, taking the country as a whole, since 1949. Due to mild conditions during the winter months, total abandonment of winter wheat was less than 6%, or about ten percentage points lower than the year before. Of the 2 1/2 million acres that were abandoned this year, about 1 million acres are in Texas, Oklahoma, Kansas, Colorado, and New Mexico. This compares with 4.5 million acres abandoned in the same states in 1957. Thus with average conditions from this time forward, we should have very bountiful crops, although in some cases they are a little late-- notably in Texas.

We also hear that moisture conditions in the Argentine are excellent. However, India is claiming insufficient rainfall and that as a result the spring wheat crop may be disappointing. The position in the Middle East is now rapidly deteriorating for wheat and barley, and the drought in Syria has now spread to Northern Iraq. In Britain and in Western Europe temperatures have been very much on the low side, and autumn sown grains are in some cases about four weeks late. On the other hand, there is no damage claimed by frost. Spring sowing as a result of unseasonable weather has been greatly delayed. According to one of our correspondents in Britain, Italy may have to export 700,000 tons of soft wheat, which may have some bearing on the demand from other countries. In the meantime, French wheat has been strong apparently as the result of cold temperatures in that country and in Europe generally.

Before our market opened this morning, there was not toomuch news but overseas reports claimed that there was some improvement in the European weather. We also heard that CCC had rejected all milo bids and there was practically nothing sold to exporters. Yugoslavia was inquiring for offers on a cargo of either Atlantic or Gulf wheat, but otherwise it was rather quiet in export circles. The potato market in New York, which had been frozen at the downward limit for several sessions reopened this morning with rather erratic swings. Production of early spring potatoes indicated a crop of 3,748,000 cwt, which is about 15% below that of 1957. Heavy speculation, which was based on smaller production and a later-than-usual movement to market from Florida and other important areas, led to a great deal of buying earlier with resultant liquidation.

Primary receipts of wheat were 936,000 bu which compared with 767,000 bu last week, and 716,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 105,000 bu.

The main action in wheat today was in the May delivery, and after it was reported that 46,000 bu #2 red wheat were loaded yesterday by barge, and that there were several more currently loading, there was a run-up of 2¢ per bu, although on the advance considerable profit-taking set in. One of the large mills bought May wheat and sold July, which widened the spread. Flour business was possibly a little better, but demand for springs was extremely light. The pick-up occurred mostly in soft volume. The weekly state crop reports spoke of delayed schedules for field work, although in Kansas wheat is making a vigorous growth, and crop outlook seems to be well maintained. Beans were firm at times but weakness in meal restrained buyers, and likewise a widening of the carrying charge was not regarded as particularly bullish. The close was weak. Barge receipts in Chicago continue rather liberal. The spot basis for corn was about unchanged, and at times there was firmness in the futures market, but there was no aggressive buying, and profit-taking appeared on moderate advances. We still believe that lake shipments of corn in the coming weeks will cut the size of Chicago free stocks materially.

Broomhall confirmed warmer weather in Europe following unusually low temperatures, which had retarded growth, and planting over large areas. While there were no serious reports of reversals advices seem to be less optimistic than during the latter stages of winter, and moreover moisture supplies are spotty. Dry, cold weather has adversely affected crops in Western Germany.

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CHICAGO MERCANTILE EX.

April 24, 1958

We have made mention repeatedly of the fact that consumption of wheat and flour has lagged far behind population increase. It is no doubt true that Americans are much more conscious of surplus weight than they were 25 years ago. Women in particular watch their figures and have been told to abstain from bread or potatoes, and as a matter of fact, most of the diets that have come out from Washington, or even those suggested by life insurance companies, have recommended abstaining from starchy foods. For the first time since we can remember a leaflet has been published by the Department of Agriculture, entitled, FOOD FOR FITNESS. In it bread and cereals are listed as one of the four major food groups in our daily diet. They recommend four servings or more of bread daily, and in the event that no cereals are chosen that there be an extra serving of bread or baked goods, which will make at least five daily servings from this group. According to the Department, foods in the bread-cereal group furnish worth while amounts of protein, iron, several of the "B" vitamins, and food energy. They call attention to the fact that there is a wide choice in the bread and cereals group, and they recommend that we count as one serving: one slice of bread, one ounce of ready-to-eat cereal, one-half to three-quarters cup of cooked cereal, corn meal, grits, macaroni, noodles, rice or spaghetti. To what extent this suggestion will be followed remains to be seen.

Late yesterday Washington announced an export subsidy program which had been fully expected, and which will become effective for corn on May 5th and for barley, sorghum, oats and rye on July 1st. This is designed to encourage movement from the free market supply into export channels. Under the program an export subsidy will be granted in the shipment of feed grains from Commodity Credit Corporation's stocks through a plan similar to the current payment-in-kind wheat export program. On the dates mentioned, CCC will discontinue sales of grains from CCC stocks for export except for barter contracts, CCC credit programs and emergency situations. Overnight CCC sold exporters 50,000 bu milo via the Gulf but rejected all corn bids.

There was a good deal of rain over the corn belt and some snow along the eastern slope of the Rockies but not much precipitation Southwest. Temperatures have fallen considerably over the West and Southwest and are now generally quite a little below nromal for all sections. Our weather man does not look for much rain in the Southwest but there will be some in the corn belt this afternoon and probably early tonight, clearing by tomorrow. Some rye is being shipped from Canada to the U.S. Undoubtedly this will go into the bonded stock until after July 1st when duty may be paid up to the amount allowed under the import quota, which means on 3 1/3 million bu. The bean market opened stronger with oil higher and a sharp recovery in meal prices, but for the first time total export shipments of beans showed a slight reduction as compared with the previous season's total. To-date these amounted to 58.7 million bu vs 58.9 million for the same period in 1957.

Primary receipts of wheat were considerably lighter and amounted to only 648,000 bu which compared with 882,000 bu last week and 885,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 296,000 bu.

Markets had a firm undertone today and a part of this might have been technical. We doubt whether the new program for feed grains stimulated too much buying although corn was strong and the spot basis was very firm. Beans, which had been weak for several sessions, reacted rather sharply and the firmness in meal probably induced some buying. New crop futures were also very firm, but of course there could be no pressure yet as planting of the new crop is still several weeks off. A report on stocks is due later in the day.

According to Broomhall U.S. wheat and flour exports during the past week were 2.1 million bu and the total since July 1st is 305.4 million bu vs. 423.9 million a year ago. Corn exports for the week were 1.8 million bu, and since October 1st total 108 million vs. 91 million last year.

A little attention was probably paid to frost warnings in the Southwest although our people in Kansas, Hutchinson and Wichita, belittled damage that might occur and farmers themselves did not believe that the plant would be hurt. May wheat, which was very strong early, was sold by a local house and the spread narrowed after May and July early had widened to 29¢. The open interest in May is still very big, but still the market is quite erratic.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

April 25, 1958

The overnight forecast for some possible frosts in Oklahoma and Kansas failed to materialize. It seems that the daily predictions, at times, are hardly more accurate than the 30-day outlook, but in any case it was welcome news that temperatures were moderating. Of probably greater importance was the government report on stocks of grains in all positions. The amounts of corn, barley, sorghums, and soybeans in all storage positions on April 1st were each the highest of record for that date. Oat stocks were one-fourth higher than last year and the third highest of record. Wheat stocks were the lowest since April 1, 1954, but still a total supply of 1, 121 million bu may be regarded as big in comparison with a ten-year average of 780. 5 million in the years 1947-56. Moreover, if the winter and spring wheat crops come up to present expectation, we shall probably add 200 million bu to the reserves one year hence, and thus have another record.

The soybean stocks of 254 million bu were the largest of record for that date and were 18% above a year earlier. The increase of 39 million bu over 1957 is interesting from point of view that while the quantity of beans on farms was not much larger, terminal stocks were nearly double those of 1957, while the amounts of beans held by processors were 13. 7 million bu heavier. With about 58 million bu beans held by processing plants, it is almost enough to take care of two months' grind. From that point of view and with large stocks in Chicago, the crushers can be somewhat independent for the time being at least. Also, stocks in the interior mills and elevators are 15. 5 million bu larger, all of which indicates that unless export business picks up we shall have a bigger reserve next October than the 30 million bu now being predicted by officials.

Stocks of the three feed grains: namely, corn, oats, and barley, add up to a total of 94 million tons, which is about one-tenth larger than the previous record attained a year earlier.

As we review these figures and contemplate on the size of crops, one important factor is brought strongly to mind: namely, that agricultural production cannot be effectively controlled by government. For several decades we have been trying either to plow up land from cultivation or to impose acreage restrictions on farmers, or to pay them large amounts of money under Soil Bank programs, but we never have stopped technological revolution, and the politicians should have learned, (although probably they did not) that it is Nature rather than man that controls the yields of crops. In agriculture as in the stock market, no one can have over-all opinions as to the merit of individual issues. We have seen in securities where companies with more satisfactory earning records and better management go up while others decline. We cannot ignore the fact that in agriculture, what is good for one commodity may prove fatal for another. Nor can we ignore the fact that there are two broad divisions even amongst farmers. There are about 2 million farms in this country which produce over 90% of all the farm products sold; because of their large size and efficient management, they generally do quite well and possibly receive most of the benefits from price and income stabilization programs. Then there are about 2. 7 million farms which produce less than 10% of the total products sold. The operators of these farms have a difficult time and receive little help, if any, from the support programs. They would hardly be better off even if the government benefits were doubled.

Primary receipts of wheat were quite small today at 593,000 bu, which compared with 896,000 bu last week and 1. 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 362,000 bu. When the visible supply of wheat is posted on Monday it will compare with last year's decrease of 2. 8 million bu.

With the exception of May wheat, which was firm, wheat futures were lower. There was a fair amount of hedge-lifting in July on the break against some recent export business, but toward the last there seemed to be some short covering. May wheat responded to the likely decrease in Chicago stocks for the week. About 80 cars were loaded out of this market during the week and barge shipments were 236,000 bu. Japan bought some wheat, but via the Pacific, and also some Manitobas. The bean market was quite weak and thereseemed to be liquidating sales from various sources. At times the market ran into stops. Weakness in meal contributed to some of the local selling. The spot basis on cornwas 1/2¢ lower. The futures market was weak early and the government sold about 1. 2 million bu to exporters overnight, and an export house was a rather heavy seller of July corn.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 28, 1958

Farming in this country has become big business, and the figures we are about to give should prove this if there had been any doubts previously to these facts. Whereas three or four decades ago there were still a good many horses, mules, and oxen on our farms they have today practically disappeared. In their place we find mechanized equipment of every description. There are 12 million tractors, cars, and trucks on American farms. To propel them it takes nearly 15 billion gallons of petroleum products each year, which is more than is used by any other industry. Farmers take about 6 1/2 million tons of finished steel each year. In the field of transportation, 16% of the gross freight revenue is from agricultural products. Chemicals used on our farms amount to 50 million tons each year. Formerly electricity was not widely used but today electrical power needed for agriculture is greater than the combined usage in the large cities of Chicago, Detroit, Houston, Baltimore and Boston. All told agriculture last year was a $14 billion customer for industry, and so it is no wonder that our farmers have to be prosperous in order to maintain economic activity of the country.

Before our market opened this morning, there had been reports of rather widespread rains,which were not so much needed inthe Southwest, but they are undoubtedly favorable for the corn belt and for the Northwest. According to the weather map there is more moisture in sight and temperatures will probably remain considerably below the normal. It has been a rather cool spring in other parts of the world too. Weather conditions last week remained unfavorable over large sections of Europe, and temperatures were well below normal following some early warming up. Later in the week day temperatures were morenearly normal but there were further reports, according to Broomhall, of cold nights. The principal effect of this unseasonal weather was that it slowed the development of winter grains, and at the same time retarded spring planting, so that crop comment generally is less optimistic than it was earlier in the season.

Over the week-end CCC sold 650,000 bu milo to exporters via the Gulf, also a cargo of barley on the West Coast, but we heard of no corn sales. Yugoslavia bought a cargo of No. 2 hard winter wheat, but otherwise there was little activity in export circles. A little better demand was noted for barley, but that business was all done by Canada.

Participation in the acreage reserve through April 18th was reported, and applications filed and signed at country ASC offices totaled 16.6 million acres, of which 5.2 million constituted wheat, including 3.9 million acres of winter wheat acreage signed up last fall. There was 6.3 million acres corn involved in these transactions and 4.8 million acres cotton, with only small amounts for other commodities.

Chicago stocks of wheat declined 59,000 bu, leaving 5.7 million bu here. However, we shall not know until tomorrow how heavy a reduction there was in free stocks, but we believe that there was a pretty fair decrease, while CCC holdings undoubtedly went up. Corn stocks locally decreased 668,000 bu, but beans increased 164,000 bu to a total of 7.7 million bu.

Themid-day weather forecast did not look for much moisture in Kansas, but showers and thunderstorms were predicted for Texas and Oklahoma with rather low temperatures, and we believe it was for this reason that there was some late covering of new crop wheat futures after a good deal of indifference early. May wheat lost a little ground today, but is still holding at a big premium overJuly, and we doubt if there will be any early tenders on contract. The Minneapolis weather bureau pointed out that lower temperatures were expected tonight in Minnesota and that this would be critical because of the long period of mild weather that preceded. They expect freezing by sunset today, and a steady drop overnight to low readings by early Tuesday morning, ranging from 10 to 15 degrees above zero. The forecast for Kansas is in the mid-20's in the northwest to the upper 30's in the southeast. In the Texas Panhandle lows are expected to be from 32 to 42 degrees. Corn was not particularly active, and the spot market was about the same as it had been last week, but there seemed to be a little selling early with some recoveries later. Beans were quite weak at one time, and meal was lower during the fore part of the session. Later on it improved and the bean market reacted. There seemed to be a considerable number of May beans wanted at 3 1/2under July by trade interests. Flour business over the weekend was extremely light.

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[illegible]

[illegible] If in the last [illegible] [illegible] which is [illegible] than [illegible] any other industry. Farmers take about 1 1/3 million [illegible] year. In the field of transportation, [illegible] of the great [illegible] ltural products [illegible] customers for industry, and [illegible] in order to maintain economic activity [illegible] country.

[illegible] the market [illegible] open [illegible] and outlook favorable for the [illegible] below the normal. [illegible] Topeka [illegible] but there were [illegible] to 50 percent [illegible] prices, [illegible] capacity is less [illegible]

[illegible] Canada.

Particularly in the [illegible] applications filed and [illegible] which 5.2 million [illegible] are signed [illegible] trans [illegible] and 2.9 million [illegible]

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[illegible] is still holding [illegible] temperatures [illegible] of the [illegible] [illegible]

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CHICAGO, 4 April 29, 1958

Overnight temperatures were not as severe in the far Southwest as had been feared. Late yesterday it was considered likely that we might have some bad frosts in parts of Texas, but the cold did not penetrate as far south as some had thought likely, although the thermometer readings have fallen decidedly, and were particularly low over the Central States, with freezing temperatures recorded at many points in Iowa, Illinois, and parts of Nebraska. It is likely that we shall have another cold night but by tomorrow afternoon it ought to warm up considerably.

If the crops come through according to present prospect, we shall again have very sizeable surpluses; therefore, export outlets are just as important now as they have been at any time since we have amassed the heavy accumulations. It was fortunate that in the fiscal year 1957, we were able to carry on shipments to other countries on such a vast scale. The output of 60 million acres was sent abroad. This meant that one out of five harvested acres moved into foreign consumptive channels. Actually we exported during that crop year the equivalent of over half our wheat, cotton, and rice crops. We exported almost half of our tallow, over one-third of our soybean production, one-fourth of our tobacco, one-fifth of our lard production, and about one-tenth of our fruit. This was important not only to the extent that it prevented heavier accumulations at home, but it kept domestic transportation at a high level. The storage interests benefited. Then there was the ocean transportation for 36 million tons of cargo-- enough farm products to fill 800,000 freight cars and 3,600 cargo ships. In moving this total an average of 10 ships a day weighed anchor.

Of course, crops are not made by end of April and the reports we get from the Northwest are not completely satisfactory. One of our friends wrote us from Minneapolis yesterday that he was afraid that if cold weather in the northern part of the state moved into southern sections, there might be rather extensive damage to the winter wheat crop. Early-seeded spring grains were up and may be frozen badly. This, however, will not be too serious on wheat, but if any barley is out of the ground it probably would have to be re-seeded. Thus he said we are losing our early start on the crop, but on the whole he thought that there was still a little advantage over an average season. Spring work in the Northwest has slowed down materially during the past week because of this cold weather. Even before last night's freeze, there had been three nights during the week when the temperatures had gone as low as 18 to 20 degrees in the northern part of the territory. Then over the week-end another cold spell moved in from Canada with the result that the ground was frozen in the early mornings and the days were considerably shortened waiting for the frost to leave the ground, so that spring work could proceed. Our informant guesses that 60 to 70% of the spring wheat has been seeded.

It was reported that Yugoslavia had bought 1, and possibly 2 cargoes of two hard winter wheat for June 5th to 30th shipment. Formosa bought 6 cargoes, of which 4 were hard wheat and 2 club wheat via the Pacific Coast. Pakistan bought 3 cargoes Canadian wheat late yesterday, but we are told that the overseas inquiry for Canadian rye is dormant.

The visible supply was late in being posted and showed a decrease in wheat of 730,000 bu in all positions. There is 14.9 million bu less wheat on hand than a year ago. The U.S. bean visible decreased 642,000 bu, leaving 14.5 million bu in various markets compared with only 6.3 million bu last season. There was very little change in corn. Here in Chicago free stocks of wheat declined 267,000 bu during the week. There is less than 2 1/2 million bu of free wheat in our market, and it looks as though no deliveries were being contemplated early in the month.

May wheat gained considerable ground on July and September, but the deferred months lagged, although at Kansas City new-crop futures were rather firm. The government weekly crop report is still fairly optimistic, and winter wheat prospects remain unusually promising in the Great Plains states, and in the Pacific Northwest. Early fields are beginning to head in Texas. According to the weather forecast, it could get close to the freezing mark tonight in parts of the Southwest, and there might be some scattered frosts. The corn basis was fully maintained, and it might have been even a little higher. No tenders are expected early in the month with the cash premium that now prevails. Beans were higher, but there was some selling when the oil market weakened. France is in the market for two cargoes of soybeans, and Casa Blanca postponed their purchase until next week.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 April 30, 1958

We mentioned yesterday the great importance of our agricultural exports in order to prevent greater accumulations of surpluses at home. In fiscal 1957, while in large part, shipments were made possible through special government programs, we did, nevertheless, export $2.8 billion of products, which was second highest in history. To some extent these total exports involved sales that were made at less than the cost of commodities to the government. Of course, this had to be for the reason that through our support program, many articles were raised to artificial levels, and we either had to pay subsidies or to cut prices in order to effect such sales in foreign commerce. The elimination of uneconomic restraints would, in our opinion, be a great help, not only to our economy, but also, in the export field.

We have on many occasions urged acceptance of the Domestic Parity Plan. We proceed on the assumption that the wheat farmer needs some recognition, and we believe that he would be fully satisfied if he received full parity on that proportion of his crop which was domestically consumed. If he demands that he receive full parity on his entire production, which, of course, would include the amounts that were exported, there would be no limit to the quantities he might raise. Thus in the last analysis we would have an intolerable situation and one that would have been aggravated even more than during the past few years when loans were at 90% or less of parity. We have made several attempts to cut acreages but even at the present time, with a minimum for wheat of about 55 million acres, it is still large enough to provide us with large surpluses, and thus there has been little opportunity even with big exports to get a proper balance between production and consumption.

We should also recognize that before the war we were raising on an average 740million bu wheat per annum. Through technological developments our government has found it impossible to control the yield; furthermore, there was no way for government tostop technological revolution. Unfortunately, we have attacked the agricultural problem from the wrong angle. We have tried to hold up the price level of so-called basic crops. In doing so we have totally ignored the fact that these basic commodities bring in less than one-fourth of the cash farm income. We have found noway of insuring the farmer against the hardships of drought, flood, and frost. Actually farmers need little help when prices are high or crops are abundant. The true cause of rural poverty, if and when it exists, is that there are many farms which are too small or else theylack sufficient resources. From a purely economic point of view it is ridiculous to think that farmers should get as much for large crops as they do for medium-sized crops, in view of the fact that our domestic consumption has not increased with the growth in population. Unfortunately, there has been too much thinking along the line that agricultural prices should fluctuate in direct proportion to our industrial rises. Experience has taught us that the heaviest impoundings of wheat occurred in 1952, 1953, and 1954, when the farm loan on a national average was at its highest point.

Wheat primaries were 688,000 bu compared to 936,000 bu last week and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 197,000 bu.

Overnight weather was better than had been anticipated, and the severe cold did not penetrate Oklahoma or Texas. There were likewise no frosts in Kansas. However, temperatures are well below normal for this season of the year, and a fair amount of moisture is in prospect, which is not needed. July wheat and other new-crop futures were quite hesitant for a while, but finally advanced when May wheat edged higher due to short covering. There was no wheat tendered, nor any corn. Up to noon soybean deliveries were 1.1 million bu, and oat tenders were 255,000 bu. There were also 100 lots of soybean oil tendered. May corn became quite strong, and led other futures to a higher close. The spot market was about unchanged. France bought 1,200 tons of soybeans, and Formosa received an allocation for 1 1/2 cargoes. First prices for beans were somewhat lower, but later on the market rallied sharply as hedgers bought May and sold July. Turkey was said to have bought three cargoes of either #2 hard red or mixed wheat for last half June shipment. Japan bought two cargoes of Manitobas and 5 cargoes of American western white wheat late yesterday.

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CHICAGO, 4 May 1, 1958

After the close of the market yesterday, new parity prices were announced by the Department of Agriculture, and for wheat there was an increase of 1¢ per bu from the month before, bringing it now to $2.42 per bu. If parity levels are maintained until June, the loan would be 4¢ higher than the minimum that had originally been announced, bringing it to $1.82 per bu, national average. April 15th marked the sixth consecutive month in which prices paid by farmers for food have risen. The sharpest advances were in the retail prices of meat, fruit, and vegetables. The present index of prices paid by farmers for commodities and services has risen to another new high, but it seems that the prices of food made the only substantial advance in the family-living category; the prices of feeder livestock and livestock feed made the only significant increases among production items. Some of the advances in food prices were offset by declines in some other items, and had it not been for this factor the parity levels might have risen more. There was no change in corn parity but the effective parity price for soybeans showed an advance of 2¢ per bu, and there was also a slight increase for oats. Rye advanced 1¢ per bu to $1.60, which showed the same increase as did wheat.

Not too much attention was paid to these indices, and as a matter of fact, more attention was attracted to weather in the Southwest where the rather heavy rains which had been forecast for Texas failed to materialize. Temperatures on the whole were still on the low side but chances are that by tomorrow afternoon, there will be a general warming up for the country as a whole, and with a little sunshine crop progress in the Southwest should show improvement.

Field work was interrupted last week by wet weather in Nebraska and spring work is now a little behind schedule, although oats and barley are about 90% planted. In Kansas there is still some seeding of these two cereals to be done and about 60% of the intended oats and 78% of the intended spring barley was seeded by April 26th . In the northern part of Kansas wheat is beginning to joint while a few advanced fields in southern areas are in the boot stage. The wheat crop continues to make good growth with abundant soil moisture and little damage is claimed by insects or diseases. The 30-day weather outlook anticipates precipitation, which should equal or exceed seasonal normals, over most of the nation except for subnormal amounts along the Pacific and Gulf coasts and in the Northern Plains.

May wheat this morning opened about unchanged but there was some commission-house and a little local selling, which ran the market into stops. Trade was thin and the market was quite erratic but we find that so far this week there have been 111 cars wheat shipped out of Chicago, which more than offsets the 150,000 bu that arrived here by cargo from Toledo. Beans opened rather firm in sympathy with higher meal prices and reports that late yesterday Morocco had purchased 12,000 tons of beans while Israel bought 1 cargo November shipment and is working on additional quantities. The country was a liberal seller of corn last night and Illinois elevators were paying from 3 1/2 to 4 over the May future delivered Chicago, and in some cases even a little better. River elevators have now reduced their corn bid to 2 1/2¢ over, delivered Chicago. Several of the elevators here stopped buying. This refers to Illinois river elevators that send corn here by barge.

Primary receipts of wheat were a little over 1 million bu vs 648 bu last week, and over a million bu a year ago. Kansas City and Minneapolis wheat stocks so far this week show a net decrease of 162,000 bu.

Trade was extremely dull in wheat. There was a delivery notice for 1,000 bu, but this had no significance. The open interest yesterday went down about 1 1/2 million bu in May wheat, leaving 24 million bu, the largest part of which will have to be settled in the pit, as there is not enough wheat here for heavy tenders. The deferred months were firm at times, but there seemed to be a little selling on advances, with crop news generally of an optimistic character. Corn was influenced by freer selling from the country, and the market finally showed a fair decline. Beans were without much trend. Meal prices were somewhat higher, but bean oil was a little lower and much depended upon the character of orders that came into the pit. The deferred bean months gained on the nearby. Hedgers went from May to July around 3¢ difference.

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CHICAGO, 4 May 2, 1958

After the close of the market yesterday, USDA announced that the minimum price support for the 1959 wheat crop would be $1.81 per bu. This would be the national average support that is announced in advance of plantings and is circulated early so that farmers will know how to act when voting in the June 20th referendum on marketing quotas. It reflects 75% of the estimated modernized parity price for wheat as of July 1, 1959. Unless growers disapprove quotas, the law provides for a variable support level (between 75 and 90% of parity) based on the relationship of the estimated total supply of wheat available for the marketing year to a determined normal supply for the year. Actually the estimated supply of wheat for the 1959-60 marketing year is 170.9% of normal. It is also important to understand that the minimum average support price will not be reduced if parity declines, but on the other hand it may be increased if a combination of the wheat parity price as of July 1, 1959, and the wheat supply relationships of that day indicate a higher support price. All producers in the commercial areas who stay within their allotments will be eligible for price support on their entire production. As we mentioned yesterday, if June parity this year is the same as the April figure, we shall have a farm loan at a national average of $1.82 per bu, which would be 18¢ less than a year ago.

This morning, Mr. Galvin published his estimate of the winter wheat crop, forecasting a yield of 986 million bu. This is 22 million bu more than was predicted in the government survey in April. The next official report will be made on May 9th, or a week from today. According tothe figures prepared by the expert, crop condition on May 1st is the highest of record, and in percentage points shows an improvement of 14 over the ten-year average. Likewise, abandonment is given at less than 5% of the seeded acreage, although part of this is due to plowing-up of excess acreage in order to comply with acreage allotments. Good progress is reported as of this date, although higher temperatures would be welcome, especially in the north central states. A good part of the increase was in the Southwest, with Kansas showing an improvement of nearly 9 million bu, about 3 million for Nebraska, and nearly the same for Oklahoma, and about that for Texas. Abundant moisture which is claimed to have penetrated deep into the subsoil on which the plant can draw in the event of dryness is probably the reason for the present wonderful outlook. Weather indications are for about normal temperatures in the Southwest, with scattered showers there also. Unsettled conditions are expected in the corn belt states but in the latter, temperatures will be a little below normal.

According to Broomhall, last week's shipments of wheat and flour were only 4,350,000 bu, bringing them to a total of 315.3 million since July 1st. Should this rate of shipments continue for the remaining 9 1/2 weeks of the crop year, our total clearances would probably fall somewhat below 360 million bu, which would compare with the government estimate of 400 million bu.

Primary receipts of wheat today with Wichita missing amounted to 759,000 bu, compared with 593,000 bu last week, and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 159,000 bu. When the visible supply of wheat is posted on Monday it will compare with a shrinkage last year of 3.7 million bu.

Trade in wheat today was extremely light. May wheat was quite erratic at times on small transactions. Deferred months were weak early but recovered a little on weekend evening up, and reports of some rain in Texas and Oklahoma, with more to come. Corn was again weaker, with May losing ground on the later months. Starting soon the government probably will liquidate some of its holdings more freely. At the premium of May over July elevators are not particularly anxious to carry corn. Country selling was lighter with the futures down and the cash premium is a little easier. May beans were wanted by hedgers in exchange for July, but the more distant futures were not strong and buying power was light. Flour business continues at very small volume, and the majority of bakers with balances on hand show no interest in buying old-crop positions, as apparently they do not want to be over-stocked with the prospect of having inventories which would be worth less when the new-crop is available. At Kansas City, May wheat also lost on July, and the cash basis there was 1¢ lower, but ordinary wheat sold at 11 over, indicating a tight adjustment.

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CHICAGO, 4 May 5, 1958

In an economy such as ours, it seems that employment and unemployment are among the most critical barometers of economic health from a social and political standpoint. From a year ago unemployment has risen from 2.9 to 5.1 million. Usually the total drops 300 to 400,000 at this time of year, and the reason for this is that there are seasonal increases in jobs that have to do with farming and other outdoor work. Taking the present figure at its face value, we cannot view the situation too pessimistically for the reason that the number of persons with jobs rose 600,000 in April to 62.9 million, and considering that we are in a recession, this is still a tremendous number of persons who are gainfully employed.

Even during the most prosperous era we had anywhere from 2 to 2 1/2 million people out of work which was occasioned by the fact that there are always some who are unemployable, others who do not care to work, and some who feel that when another person in the family is drawing a good salary, it is not necessary to bring home additional money. Also, it must be considered that on many occasions we had as many as 5 million unemployed even when our population was 40 million smaller than it is at the present time. Thus it would not be unfair to conclude that instead of being in a disaster period, we have returned more or less to a normal status, and that the very small unemployment figures might be the exception rather than the rule during average periods. There will, of course, be further reference to the rise in unemployment data when the college boys are vacationing and start looking for temporary jobs.

Heretofore, or at least for the past 4 or 5 years, they had little difficulty in finding work, but in contrast during the coming months, there will be many disappointments. In 1954, when unemployment was also at a relatively high level, jobs continued to decline for several months after business began to revive, and we may have a similar situation during this period when general business recovers.

Before our market opened there had been some very heavy rains reported over Kansas and Missouri, with as much as 2 1/2 inches at Hutchinson and 3 inches at McPherson, Kansas. There were also a number of places in the corn belt that reported precipitation, but in the Southwest temperatures have moderated and chances are that it will become clear. However, some people felt that the rains were not needed and new crop months opened a shade higher this morning. According to USDA conditions in Western Europe during the fall and winter were mostly favorable for winter grain crops, and it appears that wheat acreage may be close to the large acreage planted last year in the most important producing countries. Prospects were good up to the time of the cold spell during late March and early April, although some damage may have developed later. In France, the 1958 wheat crop is likely to be larger than the record 1957 harvest, although conditions are less optimistic than they were in early March. Similar conditions prevail in Italy. The over-all outlook appears good in West Germany and the U. K.

Chicago wheat stocks showed a decline of 91,000 bu leaving 5.6 million bu in this market. We would hazard a guess that when the free stocks are shown tomorrow that there may have been a decrease during the week of 200 to 250 thousand bu. May wheat today, after some hesitancy early, firmed and gained ground on the new crop futures. A small lot of red wheat was sold to go out of Chicago for export shipment to the East, and an elevator concern was bidding 2 over May for warehouse receipts. On the decline today there was more buying of July wheat by an exporter. All told we figure that exporters must be long many million bushels of July wheat which has had the effect of narrowing the spread as compared with the more distant months. However, when the new crop moves and exporters can buy their wheat in the country, we believe that selling of July wheat here will be heavy.

There was no particular trend to corn. Futures rallied at one time when buying came into both May and July. However, best prices did not hold and within a week we believe that government selling at bin-site positions will enlarge.

May beans were relatively firm and there was also little buying of July, but new crop futures were weaker, and with this fine rain it looks as though we would have another big crop although it may be a week or two yet before planting of beans becomes general. May rye was strong.

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CHICAGO, 4 May 6, 1958

May is often the month in wheat when traders sell scenery. This is particularly true when the country is lush and when crops are making satisfactory progress if there is not an excessive amount of wind blowing, so that the countryside has a very lovely appearance and people are speculating as to the size of the crops. We had mostly clear weather in the Southwest over night, with temperatures ranging between 50 to 58. This is some moderation from the recent cold spell, and it is hoped that even though some lateness is reported in many fields, a period of growing weather will permit the crop to catch up. We may have some rains in the western sections of the Southwest but not too much precipitation is expected. All reports thus far have been highly optimistic, and we believe that this will be confirmed officially when the government report is published next Friday afternoon. In the Northwest there have been several nights during the past week when temperatures were below freezing, while daytime readings ranged in the 40's to 50's and only a few points rose to around 70 for a high, and this occurred during the end of the week. Despite the weather, good progress was again made on seeding. Progress of wheat and barley has in general been more rapid than for oats and flax. One correspondent tells us that reports generally seem quite optimistic and at this particular time one can look for a total wheat crop of at least 1.2 billion bu.

Overnight, CCC sold 300,000 bu corn, 60,000 bu milo, and 250,000 bu oats to exporters. It is generally felt that next week the government selling of corn at bin-site positionswill increase when the new corn program goes into effect. The Chicago corn-hog ratio lastweek was 15.7, a slight decrease from the week before but still an advantage of 2 points in comparison with last year. We had a better ratio earlier this season when a new high of 19 was registered, but that was rather the exception. The country sold very little corn overnight and the chances are that with farmers getting ready for corn and bean planting, the movement from that source will probably be slow. Nevertheless, corn was somewhat influenced by weakness in new crop wheat futures, and while thereis a fair amount of caution being exercised by local wheat traders they seem to realize that there are going to be a good many farmers not eligible for the wheat loan, and that after harvest there is bound to be some selling even though wheat is currently at a price level which is 15 to16 ¢ under the probable loan. This may continue to temper bearish enthusiasm, although we have seen many years when at the beginning of the crop season farmershad to accept prices that were well below the loan, and this was particularly true in 1954 when the disparity was as much as 60¢ per bu.

As we mentioned yesterday there has been a good deal of wheat sold ahead for export. Against this, hedges in July wheat are affording protection; therefore, when new wheat moves in Texas and Oklahoma there could easily be a considerable amount of selling out of these hedges and when that time comes we feel that it will bring with it widening of the carrying-charge spreads. Illinois has a prospect for a wheat crop of 50 million bu or more, and while there will be a good may holes to fill in, owing to the fact that mills are letting their stocks run down, we still believe that Chicago will increase its stocks during the movement. Despite this Kansas City, which is tributary to the tremendous hard winter wheat crop, may receive its pressure earlier, and it, too, will be on a heavy scale, so that their futures should lose ground on Chicago, and we look for the spread between Kansas City July and Chicago July to widen quite a bit when the time comes.

Chicago free wheat stocks decreased 261,000 bu during the week, leaving only 2 1/4 million bu in the free supply. There was, however, some red wheat sold out of Chicago by mill interests, which may cut the inventory further. May wheat was firm early and at one time sold at a premium of 33¢ over July. Near the close there was some selling. New-crop futures were liquidated by discouraged holders. Corn opened rather firm, and did not do much, but weakness in the leading cereal restrained buyers from becoming aggressive. Meal was quite weak and demand for the product has slackened. Bean futures were down a little, but there was no heavy volume. Cash interests are buying in their May hedges, and selling July at narrowing differences. Some rye is being loaded for cross-town switching, and stocks probably will show another decrease on Monday. The government weekly grain and crop report showed no startling developments, but commented on some rank growth in Texas with the crop jointing as far north as central Nebraska.

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CHICAGO, 4 May 7, 1958

For quite a period of time, American labor foughttechnological developments on the grounds that greater efficiency would cause overproduction and thus throw men and women out ofjobs. This, of course, is a great misconception, and if these people had had their way, we never would have attained a 5-day work-week, nor would we have created the high standard of living for our people. It is an economic fact that buyers do not pay for the toil and trouble the worker took, nor the length of time he spent at working. What they do pay for are the products they need and consume, and so it follows that the better the tools which the worker uses in his job, themore he can perform in an hour and the higher is the remuneration which he receives. The greatest factor tending toward wage rises is the improvement in material conditions of wage earners and the constant improvement in technological equipment.

American wages are higher than wages in other countries because the capital invested per head of each worker is greater, and the plants are thereby in a position to use the most efficient tools and machines. What we term the "American way of life " is the result of the fact that the U. S. has placed fewer obstacles in the way of saving and capital accumulation than other nations. We need merely look at the backwardness of such countries as India, and the fact that their policies hinder both the accumulation of domestic capital and the investment of foreign capital. Thus Indian enterprises are prevented from enjoying sufficient quantities of modern equipment, and, consequently, are producing much less perman-hour, so that they can only afford to pay wage rates which compared to ours appear shockingly low.

In the U. S. the immense majority of goods produced are bought and consumed by people who are themselves receiving wages and salaries, and it is obvious that in spending their earnings these wage earners and employees themselves are a factor in determining the height and compensation that they and those like them will receive. In paying wages, the employer acts merely as an intermediary because it is the consumers themselves who decide whether a product is acceptable or whether its price is too high. Thus it follows that an employer cannot pay more to an employee than the equivalent of the value of the latter's work according to the judgment of the buying public.

Before our market opened there was not too much news. Weather in the Southwest was clear, but both the daily forecast and the 5-day outlook were for scattered showers, but apparently this did not have much market effect. CCC sold exporters 570,000 bu corn, which for a time had a little bearish impact. Japan had purchased 3 cargoes Pacific Coast wheat and 1 cargo of hard winter wheat for June shipment at the Gulf. Since August 1st world wheat and flour shipments are 100 million bu smaller than a year ago. Canada's share was 209 million bu as compared with 184 million last year. On the other hand, U. S. clearances are down 107 million bu from a year earlier. Australia is also well down by 44 million bu, but, of course, her crops were smaller. France has provided 54 million bu thus far compared with nothing last year. Canada is faced with a possible rail strike set for May 11th. Since there are large forward sales on the books, any labor difficulties might seriously interfere with the movement of grain.

According to Broomhall, U S exports of wheat and flour since the beginning of our crop year last July are 140 million bu smaller than a year ago, butsince October 1st corn shipments are 17 1/2 million bu greater. So far this week there have been about 95 cars of wheat loaded out of Chicago, so that another decrease will probably be shown next Monday. May wheat, which still has an open interest in excess of 22 million bu, was not traded heavily, but it held about the same premium over July as yesterday. Weather conditions in Europe are a little more favorable, but the crop is backward. At the same time the appearance of wheat in France has improved, while warmth in western Germany favored crops. In Italy prospects are favorable, but a late harvest is certain.

New crop wheat futures were firm, and the noon forecast was for a good deal of rain Southwest. In corn there was pressure on the December future, and seeding operations should progress rapidly if weather holds up. May corn remained very firm. There was some weakness in May beans, probably reflecting lower meal prices. We do not hear of any big shipments being made ouf of this market.

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CHICAGO, 4 May 8, 1958

We mentioned yesterday that last week's wheat and flour shipments from the U.S. amounted to only 1 3/4 million bu. This, of course, is extremely disappointing, and it now looks as though the goal of 400 million bu for the entire season would have to be reduced. First of all, Canada, with its huge wheat supply, has been pushing sales, and actually has done a better job than was the case the year before. At the present time Italy is making very attractive offers to the U. K., and this has really been the feature during the week, with business done on a much cheaper basis than was possible by French exporters who seem to be somewhat perturbed over this development. Australia is again reporting drought conditions although there was some relief but light in Victoria and New South Wales. This drought has continued over a period of several years, and has really been a tremendous handicap to farmers, much the way our drought affected us during the 1933-37 era. News from Iraq and Syria continues gloomy, but in other parts of the world where grain production is more important we continue to get very optimistic reports.

The noon forecast that we had for the Southwest yesterday was quite disturbing in that heavy rains were predicted for many parts of Oklahoma and Kansas. As a matter of fact, wheat and oats continue to make rapid growth in Oklahoma and look good despite a considerable tendency toward rankness. Sunshine is needed now to strengthen wheat and oat stalks. Excessive moisture has caused some damage in eastern areas, and field work has progressed slowly, as it was too wet for proper working of the soil. Nevertheless, today's weather forecast, while indicating some showers, does not suggest excessive precipitation, and this was regarded as more hopeful before the opening of our market.

We asked our friends tocomment on weather and crop data, and on the whole had extremely favorable replies. Even from Garden City, where there was 3/4 inch of rain overnight, they told of their crop condition, which was the best known as of this date and that conditions were really unbelievable. Harvest may be rather late, possibly not until July 1st. Salina, reporting on conditions of the crop in central Kansas, said that the appearance was about normal. possibly a little earlier than last year but that conditions were excellent and that they had no rain since May 3rd. Furthermore, they doubted whether further showers would hurt or delay the crop, but that dry weather for a few weeks would be preferable. Norton, Kansas, which is in the western part of the state, said that wheat was excellent and growth about normal, while Hutchinson spoke of perfect conditions but lateness of the crop and that the final determination would be made by weather conditions from this time forward. In Trenton, Missouri, wheat, rye, and oats were very promising. Corn and bean planting was ready to start. From Sterling, Colorado, we heard that wheat was jointingin that territory, had excellent growth, and an abundance of moisture. It looks as though harvest would be normal to ten days late. Wichita said they have been having lots of sunshine and some light winds, which had dried out topsoil. They did not believe that further rain would cause damage but might create a further delay. We have elaborated considerably on these reports mainly from Kansas, which has a prospect of 215 million bu wheat, and is the most important individual state. Therefore, any change might have considerable bearing not only on price, but also, on the size of total production.

Primary wheat receipts were a little over 1 million bu, or the same as last week and slightly less than last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 104,000 bu.

We heard that 53 cars of wheat were shipped out of Chicago yesterday making a total of 148 cars so far this week. Shorts in May wheat took the initiative, and covered. The spread between May and July went to the widest point reached so far. In spite of firmness in May new crop futures were quite indifferent and closed lower. May corn was again very firm which prevented too much weakness in the market generally. Central Illinois reported that farmers were busy planting corn, and that the weather was excellent. Beans were somewhat higher. Apparently there is little pressure on the market, although we understand some cash beans are coming down from the Northwest, and probably will be tendered. Trade has slackened, and we note that yesterday less than 8 million bu of beans were traded in the pit for all futures.

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CHICAGO, 4 May 9, 1958

After the close of the market today we shall have a crop production report by USDA, estimating the winter wheat crop as of May 1st. A month ago, they forecast a yield of 963.6 million bu, and the trade is expecting an increase in this afternoon's figure. For example, the indicated production for Kansas a month ago was only 207.9 million bu, and judging from the reports we have been receiving from various territories, the condition in Kansas seems to be just as good as it was in 1952, when that state harvested a bumper wheat crop of 307.6 million bu. Of course, there have been some great changes since that time. Eight years ago, the sown acreage was 15.2 million acres; this year seeded acreage was a little less than 11 million acres, or a reduction of 28%. Therefore, if the condition were similar, we could only expect a crop of 221.5 million bu, and in our opinion this seems highly probable, and we might even exceed the 1952 record when the land produced 21 bu per harvested acre. There was a poll taken among members of the Kansas City Board of Trade, and the estimates ranged from 210 to 280 million bu for the state, but the average was in excess of 225 million bu. Should a crop of that size be harvested, it would be more than is ordinarily produced in either Argentina or Australia in a single year. Normally those two countries are both serious competitors of ours in the export field.

Before our market opened we had reports from the Southwest indicating moisture in Kansas, but it was not particularly heavy except for 1 1/4 inches rain in Wichita. However, in the 5-day outlook more precipitation is anticipated, although it will be mostly in southern Oklahoma, but temperatures will probably range from 5 to 7 degrees below normal. There may also be some moisture in the corn belt states, but on the whole crop developments seem to be highly satisfactory. The Agriculture Department predicted that the soybean carryover next October 1st would be only 25 to 30 million bu. They anticipate exports of 90 million bu and crushings of 340 million bu; they go on tosay that seed requirements will take an additional 33 million bu. While this may prove a little disappointing, it will still be the largest reserve stock we have ever had, but we must take into account that sharply reduced supplies of cottonseed oil and lard coupled with a strong demand for food fats have tended to alleviate what had appeared only a few months ago to be a relatively large surplus situation.

The export subsidy on wheat will shortly be based on the Kansas City July future as compared to their May, at the present time. On basis of last night's subsidies, CCC price was $1.74 1/2 for shipment up to June 5th but $1.86 1/8 beyond that time. This is the first time that the relationship has favored buyers for nearby shipment, and we believe that its announcement was a strong influence on May wheat at the time of our opening.

Farmers continue to seek land to add to existing farms for the purpose of improving their over-all efficiency. The USDA has estimated that nearly 40% of all U. S. farm land transfers in 1957 were for this purpose, compared with only 22% in 1950.

Primary receipts of wheat today were 882,000 bu, which compared with 759,000 bu last week and a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 195,000 bu. When the wheat visible supply is posted on Monday it will compare with a shrinkage last year of nearly 4 million bu.

The main feature in wheat today was furtherstrength in the May delivery, although best prices did not hold. For a time the advance in the nearby future also influenced new crop months, but there was some weekend evening up before the close, and finally there were declines. Flour demand was extremely slack and bakers' ideas were far below mill quotations. There was some local buying in rye, which met light offerings, and between now and expiration the May delivery could also be quite erratic. May beans widened their discount a little under July, and for a time the whole market was influenced by the strength in meal quotations, but there apparently were some liquidating sales on the advance, and the market did not hold too well. A local house bought November beans and sold July at 6 5/8¢ difference. Trade again was not particularly heavy. Elevator interests tried to sell May corn at 2¢ over July, and the whole market weakened.

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CHICAGO, 4 May 12, 1958

After the close of the market on Friday, we had the official crop production figures by USDA. They estimated a winter wheat crop of 1,009.7 million bu, which compared with 963.6 million bu in April, and an estimated crop of 906.2 million bu last December. Thus it is apparent that the forecasts have been rising continually, reflecting fine weather and growing conditions, with the result that this promises to be the third largest winter wheat crop of record, having been exceeded only in 1952 and 1947. The yield per acre is well above the previous record, and a figure of 24.0 bu per harvested acre is beyond most expectations. Average for the ten years, 1947-56, was only 18.9 bu per acre. The amount of wheat land standing for harvest is about 3 million smaller than average, but yet the crop promises to be about 160 million bu more thanthe average 10-year production. The latest figure was not entirely unexpected, but yet it confirmed the optimistic reports that we have been getting from growing areas, and barring any unforeseen developments, this year's wheat production, which is 5% above the forecast a month ago, should give us a most bountiful crop, particularly since conditions in the Northwest are also starting out favorably. Spring grain seeding made good April progress, and while we have no early forecasts, it is not unreasonable to suppose that we shall raise a spring wheat crop of 240 million bu or more.

During the last ten years the average change in the U.S. production estimate from May to harvest has been 83 million bu; the largest change was in 1949, when the May 1st estimate exceeded the final production by 163 million bu. The smallest change was in 1957, when the final production exceeded the May 1st estimate by 4 million bu. Thus one will have to have some reservations before coming to final conclusions. The expected production in Illinois, Indiana, Ohio, and Missouri showed some increase in total during the month, as the crop responded to warmer spring temperatures but was generally retarded by unseasonably cool spring weather. Dry, warm weather would be welcome in this area and would do much to improve yield prospects. On the other hand the northern part of the corn belt is a little too dry, which ordinarily is favorable for corn planting, but we shall be needing some rain within the next few weeks in order to get corn off to a good start. The condition of rye was reported at 92% and is the highest for May 1st since 1922. Prospects held or increased in all but four states during April. Consequently, the present condition is not only 4 points above April 1st, but is now 6 points above average.

It was not surprising, therefore, that when our market opened this morning, new lows were made for practically all new-crop wheat futures. May wheat, however, held rather firmly due to the close adjustment of old-crop supplies. In Texas, we shall probably not have much wheat harvested until June 5th to 10th. In central Kansas considerable wheat is beginning to head and harvest operations are usually about thirty days later. Hutchinson reported that they had wonderful weather over the week-end, with temperatures around 80-- very little wind and bright sunshine. The crop outlook remains perfect.

In Europe, recent weather has been more favorable for crop development, although growth is still backward owing to several weeks of unseasonably low temperatures, which also held up spring planting over wide areas. However, crops came through the winter in good condition, with less than usual abandonment.

Chicago wheat stocks decreased 472,000 bu, leaving 5.1 million bu here. We suspect that when the free stocks are shown tomorrow that there will have been a fairly good shrinkage. May wheat was strong again today in relation to new-crop, and at one time sold 36¢ over July. About equally tight was Kansas City May wheat, which sold nearly 32¢ over their July, and on top of that exporters were paying 14¢ over Kansas City May for wheat to be shipped to the Gulf. indicating the close adjustment, after giving account to heavy impoundings. Corn was quite weak, and we heard that CCC was offering #3 and #4 grades for unrestricted use in the open market. We heard of no offerings to Chicago, but apparently there were some in Iowa. Late in the session locals sold July wheat, which ran the market into stops. Other grains sympathized but beans resisted the downward trend, and futures closed higher.

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CHICAGO, 4 May 13, 1958

Yesterday afternoon the government reported on grain price support activities through April 15th. Of course, there was only the one cereal that really showed much change for the reason that time had already expired for putting 1957 crops under support, except for corn, and on the latter farmers have until May 31st, if they wish to impound heavier quantities. Through mid-April they had placed 301.8 million bu corn under support, of which 262.2 million bu was farm-stored, 21.3 million bu was warehouse-stored, and 18.2 million bu came under purchase agreements. This is a much smaller figure than for the same period a year ago; during themonth 42.8 million bu was placed under loan. This compared with 77.5 million bu for the month earlier. It is also interesting to note that of the approximately 302 million bu that went under support, 40% came from farmers not in compliance with acreage allotments.

As for wheat, there was approximately 255 million bu impounded, but with some repayments and making allowance for lags, we conclude that there is still about 200 million bu in government hands. If we add to this figure 590 million bu, which will probably be consumed at home and 370 million bu that may be exported, it accounts for 1,160 million bu wheat. Our combined crop of winter and spring wheat was 947 million bu, and we carried over about 70 million bu free wheat last July. Since that time the government through its subsidy program, has returned to the free supply 115 million bu wheat and maysell an additional 45 million bu by end of June. This would give us a total supply of 1,177 million bu compared with disappearance and impoundings of 1,160 million bu, all of which would indicate that the adjustment this season is very close. Of course, some new wheat will come on the market during the month of June, and should relieve the strain on the free supply to some extent. However, those who have needed wheat, whether it was for export or for domestic purposes, have already experienced the effects of a rather tight supply situation, and it is being reflected in May wheat in the various markets. Actually Chicago is not high enough to draw wheat from Kansas City, nor can it attract Northwest wheat here with their prices already at a premium.

We are getting reports of high winds and record-breaking temperatures across Manitoba and Saskatchewan, which they say have caused some damage to early-sown crops, and the need for moisture is becoming more emphatic. The same is unquestionably true in parts of our spring wheat areas, while dry weather prevails over northern portions of the corn belt. All three of these areas will bear close watching during the next few weeks.

The new government corn export program was put into operation yesterday for the first time, and CCC accepted bids at 13¢ subisdy on 100,000 bu No. 3 yellow corn for May-June shipment, via Atlantic and Gulf. It may take time before the program is fully understood, so that it can function on a smooth basis.

Primary receipts of wheat amounted to 1,230,000 bu which compared with 1,363,000 bu last week and 923,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 174,000 bu.

After mid-session we learned that Chicago stocks of free wheat had declined only 189,000 bu, which was an indication that with May wheat at the big premium over July, some curtailment is taking place. It leaves us with a little over 2 million bu free wheat in Chicago. Free stocks of corn decreased 558,000 bu, leaving 3.6 million bu here. May wheat showed its greatest strength shortly after the opening, and after that there was some liquidation. Yesterday the open interest in the nearby future declined 2 million bu, leaving 17.3 million open. There was some selling of May rye associated with one of the larger longs, which caused a recession in that future.

The past week has been warm and dry in the Northwest, but seeding made good progress, and in a few days much of the work will be completed, except probably for flax. Planting of corn and soybeans is also getting along very rapidly. During the past week they have had temperatures as high as 92 degrees, and most of the reports indicate that a good rain is needed. During the four months, December, through March inclusive, it was the driest up there in history, and only the fact that they had such wonderful fall moisture enabled the crop to get off to a good start. New-crop wheat futures held rather steady. However, there was some selling of beans, but some last minute buying of corn.

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CHICAGO, 4

May 14, 1958

To really understand American agriculture, one should realize that farming is becoming more and more commercial each year, and the units are becoming fewer and larger. There are about 2 million farms in this country that produce 90% of all the farm products sold. The average size of these farms is about 420 acres. This is not to say that the smaller farms that produce 10% of the products are unimportant, but it is quite obvious that we cannot have one program that will benefit both classifications. Furthermore, it should be recognized that the constantly changing supply and demand situation makes unworkable the idea that one person or any small group can properly guide the marketby various price control measures. The importance of marketing is so great that we dislike to see agencies of government complicate simplicity by attempting one scheme after the other, only to find that the end results are of no avail.

We are not alone in this field. There is too much rigidity also in Canada's pricing system. Through their operations farmers are given marketing quotas and only a portion of their crops can be delivered to the Wheat Board in any given period. During the era between the last two wars, Canadian wheat was handled through the facilities of the open market, and Canada supplied 40% of the total world wheat exports. Besides this there was never a burdensome carryover, nor were farmers ever denied the opportunity to deliver grain for cash at the time they wanted to sell it. Today, in a vastly increased world trade, Canada's share has declined to 25% of the total. Even commerce with her Mother Country has slumped very drastically, and presently Canada's share of the important British market has dropped to 50% compared to 92% from 1945-46. This means a decline of 70 million bu. Economic leaders in Canada feel very much as some of us in this country: namely, that the farmer should have a basic price guarantee at a level that would keep him solvent, yet not so high that he produces merely for government storage instead of for market demand. The same ill effects are being noted in almost every country where artificial factors have been applied.

Before our market opened this morning, we had the 5-day weather outlook, predicting temperatures somewhat above normal for almost all parts of the country but not much precipitation anywhere. They did have about an inch of rain at Norton, Kansas, but not much elsewhere. As we have been saying in our letters for the last few days, the need for rains, both in our Northwest and in Canada, is increasing, although the past week was a good one for field work in the spring wheat areas but some flax seeding is being held up pending rainfall. The same is also true of corn; with the heavy winds they have had surface moisture has been sapped, and it will be imperative to get some relief before long.

Our friends advised us from Canada that provincial government officials had confirmed considerable damage from the high winds in Manitoba and Saskatchewan, and there was no rain reported overnight. Dry weather is still a factor in Australia in a number of important grain-producing areas, although according to Broomhall complaints have not yet assumed serious proportions. It is felt that if adequate rainfall comes during the next several weeks, farmers will be able to put in their planted acreage and that it will show an increase over last year when it was considerably below normal.

Primary receipts of wheat were light at 649,000 bu which compared with 857,000 bu last week, and 825,000 bu last year. KansasCity and Minneapolis stocks so far this week show a total decrease of 403,000 bu.

The main feature today in wheat was covering of May commitments by shorts, which at times lent some strength to the later deliveries. Poland received a new authorization yesterday for $6.2 million to purchase soft red winter wheat. The buying is to start by May 20th with the wheat to be exported by September 30th. Of course, no one can be sure whether this will come from old or new crop supplies, but it may have had something to do with the nervousness in the May wheat, which advanced to more than 36¢ over July. May corn was strong and later months sympathized. The spot market was about the same as yesterday, and nearly 1/2 million bu was handled under subsidy on the new export program. Some small sales were made by CCC at St. Louis. There was not much feature to the bean market. The May delivery was a little weaker, but November was higher on dry weather reports, and in between changes were unimportant with only a moderate trade.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 May 15, 1958.

Overnight weather was not good. There was considerable moisture in the Southwest, and although it was not heavy in all sections, there were quite a few territories that had more than was wanted, particularly as the crop is already late and requires sunshine now for best development. In contrast to this, it was dry both in our Northwest and in Canada. The forecast in Canada is for warmer weather and sunny skies over the Prairie Provinces, and no rain is indicated. Temperatures early this morning were forecast to range from 75 to 80 degrees, and we were told that overseas buyers were apparently paying some attention to the weather reports from Western Canada, which was only natural.

Broomhall reported that U S wheat and flour shipments for the week ending May 10th had amounted to 3.8 million bu, and total clearances since last July have totaled 324 3/4 million bu compared with 466 3/4 million bu a year earlier. Thus there is a deficiency of 142 million bu. Of course, no one had expected that we would repeat last year's record performance, but on the other hand the government tentatively calculated that shipments would reach a figure of 400 million bu, and this now seems quite unlikely unless the pace picks up considerably in the next 7 1/3 weeks of the crop year. If in that period we average 4 million bu per week, it would only give us a total export figure of 353 million bu, but even this would still be a rather satisfactory result based on performance of past years. Since 1948, we have exceeded that figure only on three occasions.

CCC accepted bids on only about 127,000 bu corn at subsidies ranging from 13 to 14¢ per bu, and rejected bids at the 16¢ level for July-August shipment. Export flour business was exceedingly light and we did not hear much in the way of wheat business overnight. Undoubtedly foreign buyers are holding off until new crop is available.

Weekly crop bulletins from the Southwest were fairly good on the whole, although some lodging of wheat was reported in Oklahoma, particularly the eastern part of the state, where they have had excessive moisture, and it is thought that this may lower the yield prospect of small grains. Despite this, the outlook points to a near record wheat yield for the state. Warmer weather was heralded as satisfactory in Kansas, and heading has become general in southern counties. Growth of wheat was generally rapid but some storms caused lodging of rank growth fields and excessive moisture was also claimed to have hurt the plant where local precipitation was heaviest.

The best criterion of farming conditions is the price of agricultural land and during the year values increased by 5% or more in 41 states of the Union. The market value of farm real estate, including land and buildings, advanced to $116.3 billion, which was an increase of $6.8 billion from the year earlier. Net income from operations increased substantially more than real estate values between 1956 and 1957. It is also claimed that the general business recession has thus far had little effect on the farm real estate market and the number of farms on the market continues to be low.

Primary receipts of wheat were small and amounted to only 533,000 bu. This compared with a little over a million bu last week and 773,000 bu last year. So far this week Kansas City and Minneapolis show a total decrease of 661,000 bu.

There was some firmness in markets, which resulted from the strength in May futures of rye, and corn. Strangely enough, dry weather reports in the Corn Belt and in the spring wheat areas on both sides of the international border did not have too much influence, but we believe it was a restraining factor, and kept shorts from being more aggressive. The spot corn basis was up almost another cent, and there were some trades at 10 7/8 over July. Flour demand was slow, and there was not much commercial buying in wheat, but shorts in the May future were again aggressive, although the market was very orderly, and between 37 and 38¢ over July there seemed to be a good deal of selling by longs. It was reported that Formosa had bought 1,500 tons of soybeans for shipment between May 25th and June 5th; also 2,000 tons were sold for later shipment. We doubt if Chicago merchandisers are selling corn to the East where the price presently is about 3 1/2¢ over May, but sales continue out of Chicago for down-state destinations at a better price than this, and nobody seems to have a great deal of corn here in Chicago, but in any event deliveries so far this month have been nil.

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CHICAGO, 4 May 16, 1958

The tremendous strides that have been made in agricultural research could not have been accomplished by men on the farms alone, but rather it has taken industry and agriculture working together to bring about the advancement we have had. In just ten years' time industry, working with agriculture, put hybrid corn on virtually all American farms. In ten years industry and agriculture, co-operating with each other, doubled the use of fertilizers, and in just fifteen years, industry and agriculture working together largely accomplished the miracle of farm power mechanization. We saw a report recently which showed that a group of 273 family commercial farmers throughout central Indiana had kept records last year in cooperation with Purdue University. Their farms averaged 280 acres and their capital investment exceeded $95, 000. They averaged only 1 3/4 working men per farm on an annual basis, including the operator. In other words, investment per worker exceeded $55, 000. compared with $15, 000. per worker in industry. The results, of course, have been glowing, even though there has been some discontent. Nevertheless, farm prices are the highest now that they have been since January, 1953. Total income per person on farms last year set a new record.

According to the University of Illinois, average prices received by farmers have gone up 19% in the past 28 months. This rise has lifted prices to the highest level in more than five years. Even in recent months, while unemployment has increased, farm income has gone up. Unfortunately, of course, much of the recent price rise has been obtained at the expense of shrinking markets, and it is in this field that muchmust still be done to keep our agriculture on a sound basis. We have not yet found a method of expanding markets at home and abroad sufficiently to reduce our accumulated surpluses. Should the spring wheat crop come through at an average pace, we will again add greatly to our carryover reserve of wheat, one year hence.

The over night news was only slightly better in that a few light showers were forecast for the Northwest, but not enough to offer any real relief. The same was true of Canada, where the Weather Bureau indicated only light rain in Northern Manitoba, although the five-day forecast through May 21st would suggest above normal temperatures, with no moisture of any consequence. According to the Montana weekly crop bulletin showers in the central part of the state replenished soil moisture supplies but elsewhere precipitation was generally light. Currently reserves are adequate in most central and western counties but short in several eastern areas. There can be no doubt that a good, soaking rain is needed.

According to an official bulletin dealing with Foreign Crops and Markets, the Department stated that Japan was planning further expansion of its livestock industry, and accordingly increased feed imports are being scheduled to support this effort. As a result the demand for both wheat and barley from the U.S. may slacken. They also stated that the projected imports of soybeans included 100, 000 metric tons for processing their oil for export compared with 173, 000 tons for this purpose last year. Purchases from the U.S. may be considerably less this fiscal year.

Primary receipts of wheat today amounted to 816, 000 bu which compares with 882, 000 bu last week and 1, 010, 000 last year. Kansas City and Minneapolis stocks so far this week show a decrease of 857, 000 bu. When the visible supply figures are posted on Monday they will be compared with a decrease of 5, 410, 000 bu last year.

The open interest in May wheat yesterday declined 2. 3 million bu, leaving about 11. 8 million bu open with only three trading days left. In spite of this the market, after a higher opening, sold off somewhat and fluctuated within a comparatively small range during most of the session. The final outcome is still very uncertain. New-crop wheat months were firm, and attention has been paid to need of moisture in our Northwest and in Canada. There did not seem to be much activity in corn, the May future was steady, while the deferred months were somewhat lower. The spot corn market was quoted early at a flat price limit of $1. 35. Beans were somewhat lower, while oil prices were easier to steady, and meal prices weaker. May oats lost ground on the more deferred months. May rye was higher and widened its premium slightly over the more distant futures. May wheat finally closed about a cent lower for the day while new crop months were fractionally higher.

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CHICAGO, 4

May 19, 1958

It is interesting to note that German economists are now claiming that the only way to get real income parity for agriculture in Western Germany is to eliminate farms that are too small or that are otherwise handicapped. They insist that the way to accomplish this is to consolidate the farm land into larger and more productive units. In their opinion this is true not only of Germany, but of all other countries. They have had the experience of observing the tremendous technological developments in the U. S., and, of course, our progress has been phenomenal, to say the least. Farmers in the U. S.are using three times as much machinery and equipment and over twice as many motor vehicles as they were in 1940. The horse and mule has just about disappeared. In order to develop farms with such heavy machinery, it would not pay to have small units, and Germany realizes this. Today, our farmers produce as much in one hour as they did in two hours in 1940 and in three hours in 1910. Technology has brought a steady rising output per acre and per animal. . Out total agricultural output last year was one of the highest on record, and yet it was produced onthe smallest acreage since 1919.

Before our market opened, it was a little difficult to get complete weather reports, particularly from Canada where they are enjoying a holiday. We believe, however, that there was little moisture inthat country over the week-end. Nevertheless, most of the Prairies have reported good progress in seeding operations, but rain would be welcome in all districts. It is needed to prevent soil drifting. Dry soil and high winds have already caused moderate to severe drifting in Manitoba and parts of Saskatchewan, and with the high winds and high temperatures that occurred last week, the situation has been accentuated, but, nevertheless, Saskatchewan, which is the center of Canada's bread basket, has about 40% of her wheat and one-fifth of her coarse grains in the ground, according to a Dominion Bureau Report that is several days old, and the chances are that more has been accomplished since that time. In our Northwest they reported an inch of rain in Minneapolis. Generally speaking, Montana and North Dakota received only a trace of rain in the past 72 hours, while Minnesota fared a little better, with scattered light to heavy showers in northern sections. Iowa had some light to moderate scattered rainfall over the week-end, and some widelyscattered showers are in prospect for our spring wheat areas, but nothing of any real consequence.

In commenting on European crops, Broomhall reports that apart from a need ofmoisture in scattered areas, the general outlook has improved appreciably over the past few weeks. Warmth has stimulated growth, which has been backward over much of the Continent, and in the meantime a number of sections received beneficial rains. The French wheat crop comment is increasingly optimistic, and a good exportable surplus is now a possibility.

A fair amount of scattered moisture was reported Southwest where it was not particularly needed. The 30-day weather outlook anticipates subnormal precipitation over the Pacific Northwest, and particularly over the Great Lakes and Upper Mississippi Valley, where rainfall has been generally deficient for almost two mohths. Above normal rainfall is expected over the central and southern Plateau states and inthe Southern Plains. Near normal amounts are indicated for areas not specified.

Trade was not at all active, and the open interest in May wheat is still very big, at 11 million bu. We doubt whether reduction of today's trade was great, so it will leave a large amount to be cleaned up tomorrow. Chicago wheat stocks declined 441,000 bu, leaving nearly 4.7 million bu here, consistingof both free wheat and that belonging to the government. New crop wheat futures were rather firm, but there was no particular feature. Corn was rather strong under the influence of the May future, which was tight. Corn stocks in Chicago declined 468,000 bu. Most of the news from downstate seems fairly optimistic with respect to plantings and seeding seems to be earlier than last season. Rye was higher, and the May future continued at a big premium over the deferred months. There are still 7 1/2 million bu of beans in Chicago, and processors seem fairly well supplied, but there is no pressure on the market. Futures were quite firm and sentiment seems to be a little more friendly.

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CHICAGO, 4 May 20, 1958

Main interest today centered on the expiring May futures contracts, and there were particularly wide fluctuations in wheat , corn and rye. Nobody could tell until the session was about half over what today's open interest actually was, and how much the decline had been yesterday through liquidation. Moreover, traders in May wheat were unable to get the complete story on the free stocks of wheat until late in the day, and thus great uncertainties were created, but apparently longs in May wheat were willing to settle out their contracts either at a high premium over July or on a gradually advancing market.

There had been very little rain overnight either in Canada or our Northwest. There might, however, be some widely scattered showers in the spring wheat districts, particularly in the West, although the chances for relief in North Dakota are poor. Actually, we would not be completely out of luck even if the spring wheat crop were a failure, except that farmers in those districts would face a ruinous situation. What we are intimating is that the winter wheat crop, which is now estimated at over a billion bu, is the third largest we have ever raised, and it will top last year's crop by 43% if the weather holds up and we get the beneficial results that were indicated in the last official report. We also have an excellent prospect for hay and pastures and taking the country as a whole, the average is the best in over thirty years. The hay crop, despite some dry weather in parts of the country, is said to be the most favorable since 1922. Moreover, hay stocks on farms on May 1st were estimated at 26 1/2 million tons and are up from last year by 50% and actually 74% above average. There are, of course, some crops outside of wheat that could be affected by a prolonged drought, and we are thinking now in terms of rye, as a few reports have already come in telling of apprehension in parts of Wisconsin and our Northwest. The rye condition on May 1st averaged highest for that date since 1922, and at that time the outlook for the four leading states: namely, the Dakotas, Nebraska, and Kansas, was the best in nearly half a century, but, of course, adverse weather conditions could bring about changes.

It was reported early that Mexico had purchased 47,000 tons No. 2 yellow corn, May 25th to June 10th shipment, at prices which ranged from $1.23 3/4 to $1.26 1/2, FOB Gulf. In wheat we did not hear of any new business and commercial buying today was rather small. Foreign buyers are watching crop developments in our Northwest, and during the past week moisture in that area was quite scattered. It was fairly good in north central Montana, southeastern North Dakota, and northeastern South Dakota early in the week, and then more recently we heard of scattered showers through much of the southern two-thirds of Minnesota. Some small damage has been done, although a good rain now could still leave the spring wheat country with a good prospect. It will, however, take a general rain to stop deterioration. Even the winter wheat in southern Montana is starting to fire. The Montana winter wheat was off to a very wonderful start with a very heavy stand; so naturally it will take moisture to carry it along.

Statistics did not count for much today. Our primary receipts of wheat were a little over 1 million bu, which was somewhat smaller than last week and a little less than last year. Country selling of corn was a little heavier, but still shorts in the May delivery had to pay a high price to get in, and the close was the highest price of the day.. There was a good deal of excitement in termination of May wheat futures. Actually the market closed on a range of 6¢ per bu. Chicago free stocks decreased 425,000 bu, leaving only 1.6 million bu here, which is not a great deal considering that we will not get any new wheat for at least another month in Chicago. At Kansas City there was also great excitement in closing of May wheat; that market ran up very sharply. In one instance there was a quotation of 8¢ a bu higher than the night before. This is due to the fact that there is very little wheat in the Southwest in deliverable positions. Of course all of the excitement stems from the fact that there is about 200 million bu impounded stocks, which was bound to cause a very artificial situation. Free stocks of corn in Chidgo declined over 1 million bu during the week, leaving 2.6 million bu here.

The government weekly grain report spoke of corn planting being ahead of normal in the northern portions. but slightly below in southern sections of the Belt. Rye which had also been very active, faded out toward the last.

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CHICAGO, 4 May 21, 1958

The Iowa State College Press recently issued a publication, entitled AGRICULTURE ADJUSTMENT PROBLEMS IN A GROWING ECONOMY. This study is the result of a two-day conference about a year ago of the nation's leading agricultural economists. In the summary it is pointed out that total demand for food for 1975 is estimated to increase 40 to 50% over the 1955 level. However, population is a major factor in determining the amount of food to be required in future years. How adequate population projections are remains to be seen, as in the past they have been very wide of the mark. As a major portion of the population achieves income levels permitting them to eat as they please, further additions to income result in little or no additional purchases of food. It has been estimated that a doubling of income would result in only 15 to 25% increase in the demand for food products on U.S. farms, as most of the increased outlay would be for additional services associated with food rather than the raw materials sold by the farmers.

In 1935 to 1946, the consumption of farm products increased 16%, mainly through the proportion of livestock products in the diet, but consumption of non-farm food services increased by 50%. In other words, while the average consumer has a "low elasticity" of demand for food, he has a highly elastic demand for food services. The article referred to concludes that if agriculture becomes fully adjusted to the technological possibilities of this age, the number of farms in 1970 will probably be about half thenumber which existed in 1940. Production per man will be three or four times as large, while capital used per man in constant dollars will probably be at least double, and in some cases three or four times as much as used in 1940.

Broomhall's Foreign Crop Summary says that despite variable weather in Europe, crops made fair to good progress. While growth is still backward in some areas, wide sections received beneficial moisture. Low temperatures in the U.K. delayed development but weather now is improving and moisture in general is adequate. In France, they have had abundant night rains and mainly clear days, with the consequence that growth has been active. There has been some frost damage in Western Germany, with the crop about twelve days late. While earlier weather in Italy was cold and wet, temperatures have moderated and if it continues so it is possible that wheat yields will be obtained almost equal to last year.

The USDA predicted the amount of feed grain carried in the 1958-59 year will soar to a new high of 62 million tons. Prospects are unusually good for large crops of the four feed grains: namely, corn, oats, barley and grain sorghums, which means that feed grain supplies at least in 1959 will remain large and prices will stay low. Farmers, however, will continue to be tempted by the prospect of cheap feed to raise too many hogs and cattle. The Department had forecast a corn carryover next October 1st of a record of 1.6 billion bu, up nearly 200 million bu since last fall, while grain sorghums carryover will be 300 million bu vs. 79 million bu a year earlier.

The Iowa weekly crop bulletin mentions that scattered showers fell intermittently through the week, bringing 1/2 inch or more of moisture to most reporting points. However, there is still a shortage of moisture in some localities and the five-day forecast does not indicate much in the way of rainfall for the spring wheat states. A message fromCanada today stated that the Department of Agriculture thought there was little or no damage to crops due to dust storms the past week.

Markets were extremely quiet today, although firmness was expressed in all grains. Very little flour business is passing at the moment, and we have not heard of any export wheat sales eexcept from the Pacific Coast. The weather throughout the winter wheat territory is favorable for the maturing of the crops. C CC granted a subsidy of 17¢ on 193,000 bu of corn, part out of the Atlantic and part out of Laredo. Cash premiums still remain very strong. The Census Bureau report showed approximately 31 1/2 million bu of beans crushed during April, which was very heavy. However, the stock of beans in processors' hands is approximately 52 million bu. Meal was very strong and this was reflected in higher prices for beans. A late forecast fromWinnipeg states that cool weather is on the way, but very little relief is indicated from the drought condition.

Primary receipts of wheat totaled 574,000 bu vs 649,000 bu last week, and 876,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 215,000 bu.

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CHICAGO, 4 May 22, 1958

Communist China completed its first 5-year plan at the end of 1957 and immediately initiated a second plan for the 1958-62 period. These developments in China's agricultural economy are of interest to U.S. agriculture, particularly to U.S. producers of such farm crops as soybeans, rice, and tobacco, which compete with China's in world markets. The first 5-year plan called for reclaiming 6.4 million acres of virgin land and wasteland. Between 1952 and 1955, the total cultivated area reportedly had gone up 5 million acres and by the endof 1957 had reached nearly 9 million. Most of this was brought under cultivation by small farmers and collectives, some by state farms. With regard to irrigation official sources claimed to have increased the irrigated area substantially. Most of these gains represent small-scale projects; however, the timemust come when heavy capital investments will be required to harness major rivers if further expansion is to take place.

Aside from weather conditions, the prospects for increased production appear to hinge on several factors. First, how successful will the government be with its new program of scientific and technological improvements? Second, can the peasants be counted on to carry out this program? The government has used rough and oppressive measures to force acceptance of its ideology that the peasants might very well balk. And lastly, will the government divert capital into those industries that supply and support agriculture? Such a decision would cut into the cornerstone of the government's whole economic policy and undoubtedly would be taken with great reluctance. Nevertheless, the government has already indicated that some shifts may be necessary; otherwise, Communist China cannot hope to meet its steadily rising requirements for food and fibers.

Last summer Mr. Khrushchev told an American audience that Communism would win its contest with capitalism when the Soviets' per capita production of meat, milk, and butter surpassed that of the U.S. It might be well in this connection to review our progress. According to Dr. B. T. Shaw,, Administrator, Agricultural Research Service of the USDA: " In 1939, when World War II broke out in Europe, American farmers produced a 2 1/2-billion-bushel corn crop on 88 million acres. Last year, they produced 32% more corn on 17% less land. Since 1939, the national wheat crop has risen from 730 to 940 million bushels, but harvested acres have gone down from 52 1/2 to 43 1/2 million.

"The story's the same with livestock. In 1956, dairymen had nearly 3 million fewer cows than in 1940, but each cow produced two-thirds of a ton more milk. For every two eggs a hen laid in 1940, her descendant is laying about three today. Nearly 100 million cattle and horses grazed the same acreage that in 1940 supported only 83 million head. A pig crop of 90 million in 1956 compared with only 80 million produced on the same farm plant in 1940".

Overnight there was practically no moisture in Canada, with weather generally on the cold side and rather high winds in Manitoba. The forecast holds out very little hope for anything but a few showers in Alberta, although according to a report wheat seeding is well on the way to completion in the greater part of the Prairie Provinces. In our own Northwest there is no indication of moisture in the Dakotas, although there is the possibility of a few showers in Montana and some moisture in the corn belt.

There was good general buying of wheat, particularly in the early part of the session, and the market ran into some stop-loss orders. Higher prices were registered throughout the entire session. Prospects in the Southwest remain exceptionally promising. Flour business is very light at the moment. It is reported that the CCC granted subsidies on about 610,000 bu of corn on basis of 18¢ at the Atlantic and the Gulf and 19¢ on the Pacific Coast. Exporters have been buying river corn at about 16¢ over Chicago July CIF the Gulf, which permits corn to be taken from Illinois river stations, even close to Chicago, with the consequence that much of the barge corn is going South. However, there is still corn wanted at Chicago to fill domestic sales. While meal prices were again higher, beans did not follow the advance; in fact, they were somewhat lower than last night. It is reported that Japan bought 10,000 tons of soybeans for June-July shipment.

Primary receipts of wheat today were 607,000 bu vs. 533,000 bu last week and 828,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 323,000 bu.

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CHICAGO, 4

May 23, 1958

It is thought in some quarters that unemployment figures may rise to 6 million during the summer months, but, of course, these projections are largely on the assumption that many of the college and high school students will not find it too easy to get jobs. Also, the fact that employment rose only 600,000 between March and April is taken as a yardstick for the reason that generally this is a pretty active time of the year, and very often during April there is considerable expansion. The fact is that there are still nearly 63 million people gainfully employed, and of this number those in agricultural pursuits have risen to 5.6 million, which was up about 500,000 during April. Non-agricultural employment, which totals 57.3 million, was only up 100,000, but this was due in part to cold weather, although outdoor activities did show improvement, but on the other hand there were some reductions in factories and related activities. It is interesting to note that employment in nondurable manufacturing has remained steady at 6.7 milllion, although it showed a decline of 335,000 from a year earlier. In the non-manufacturing lines and affiliated industries employment stood at 35.3 million, which was about the same as for March and showed very little reduction from a year earlier. We take this to mean that retail business has kept up pretty well, while employment in government positions has also been stable.

As for working hours, there has been a slight decline in non-agricultural industries, and we now find that people are spending 39.6 hours at work, which is down from 40.5 hours a year earlier. Average hourly earnings are still at a record level of $2.11, but average weekly earning, reflecting fewer hours, totaled $80.81 which is about 78¢ below a year ago.

Before our market opened the forecast, particularly the one for five days ahead, suggested a warming trend in the spring wheat states, but only scattered showers. There is no real relief indicated for Canada, and while temperatures are down there is nothing to cause apprehension, and we have often found it is better to have cool weather in May than a hot spell, such as occurred last week when topsoil dried rapidly.

Our market opened on a firm basis after yesterday's advance, but there seemed to be a little liquidation coming into the pit, and some traders called attention to the fact that there had been a few showers overnight in the Edmonton-Red Deer district in Alberta, and also some light scattered showers in Western Saskatchewan. The forecast indicated a few more showers this morning, but no general rains are yet in sight. The five-day weather forecast for the Provinces indicates higher temperatures with only scattered showers, which of course is not enough to get the crop off to a good start.

The soybean market has not shared in the recent advances of corn and wheat. It is true that crushings have been at a record level and exports have been running near the banner rate of last year. Furthermore the demand has been sustained due to reduced supplies of cottonseed oil, all of which has helped the cash markets, and prices to farmers continue to average near the support level. This, however, has created the belief that even though large quantities are still impounded under the loan that the government may sell liberally before the next harvest, and thus eliminate the chance of any congestion such as occurred in wheat due to heavy impoundings, which gave us a very artificial situation.

Primary receipts of wheat were light, and the same was true of corn. The wheat stocks at Kansas City and Minneapolis so far this week show a total decrease of 333,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage of 3,335,000 bu last year.

There seemed to be some profit-taking today, and very likely some evening up before the weekend. In wheat there was both local selling and some by commission houses, while in beans stop-loss selling was reported. Heavy rain occurred overnight in parts of central Kansas, and there was as much as 2 inches in spots. The forecast indicated that more rain might fall over the weekend. Nevertheless with very little commercial business in the pit buying was not particularly impressive, although a little support came into the market after prices declined. Corn reacted after yesterday's advance, but the cash market held rather firm. An elevator concern sold some futures, but we did not hear of any pressure from the country. Rye was weak.

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CHICAGO, 4 May 26, 1958

In the ten years prior to World War II we had some large wheat crops, and also some small ones, but the average during that period was only 740 million bu. Our export business was not at all comparable with the shipments that are being made today. Thus, carryover reserves during those ten years averaged 243 million bu. On the whole prices were not particularly high, but of course, there were not the artificial factors that we have today because prior to 1938 there was no government program that impounded heavy quantities of wheat, and withheld them from commercial channels. In recent years we have had several carryover reserves of 1 billion bu or more, and even this season it might approach a figure of 880 million bu. One would naturally presume that under such conditions wheat prices would be depressed. On the contrary, we find that cash wheat has been scarce and the quantities delivered on contracts both here and at Kansas City were extremely small. With the new crop coming ina little later than usual, the spot market is still congested, and those who need supplies have to pay tremendous premium over the July futures. It is well, therefore, to think ahead and to anticipate whatmight happen with a prospective winter wheat crop of over 1 billion bu, and a likely spring wheat production of 200 million bu or more, even if conditions are not too favorable. With the amount of storage space that has been added each year, farmers undoubtedly will place large quantities of the new wheat under the support program. Of course, there may be some wheat ineligible for the loan, but even that maynot prove to be a burdensome item if it is stored or held with the hope of obtaining better prices later on. Thus, one can easily appreciate that artificial factors are something with which we must cope, and accordingly must become a part of a trader's thinking.

Crops in Europe made mostly satisfactory progress last week, but growth was still backward in many sections. Trade comments from France and Italy have been optimistic regarding probable yields indicating that moderate to sizable exportable surpluses in those countries are likely. Broomhall tells us that the drought in Australia was relieved but that moisture supplies will remain inadequate in eastern portions and also in some western partsof Australia. The Australian wheat acreage for next year's crop may be around 10,250,000 acres, which would compare with only 7 million planted last year, and 7.8 million the year before. In Argentina, conditions were mostly satisfactory for planting, and expectations are that the wheat acreage will be larger than last season.

There was practically no moisture over night either in our Northwest or in Canada, which gave us a firm opening, but the outlook is for some scattered showers in the spring wheat areas, and this is expressed both in the daily and in the five-day outlook. Out shipments of wheat and flour last week amounted to 3.1 million bu and the total since last July was 337.5 million bu, which compared with 480.5 million bu the year earlier. World shipments of wheat and flour since last August have totaled 724.3 million bu versus 842.8 million bu the year before, indicating that most surplus countries have been having a little more difficulty in getting their grain into exporting channels. Canada is the one exception, and her shipments are 30 million bu larger than the season before.

Chicago wheat stocks showed another big decrease during the week, and declined nearly 700,000 bu, leaving less than 4 million bu here, a good portion of which is in government hands. Local corn stocks decreased nearly 1 million bu, but beans actually increased, and there are 7.6 million bu here.

The wheat market was firm right from the start, and the fact that cash markets were so strong and that some of the exporters were short led to considerable buying. At Kansas City they were paying 52¢ over their July for wheat to arrive, and this is a most unusual experience. The overnight bookings of corn both by rail and barge were small, and that market also advanced, with a processor prominent on the buying side, and later on the market ran into a few stop-loss orders, which was true of beans as well. Offerings were very light on the way up. From our Illinois offices we were told that seeding of beans had progresses so well that plantings were 90 to 100% complete. The meal market was very strong. The Baldwin Elevator Co. said that in many areas of Illinois farmers have cleaned up their surplus corn, and that with a favorable feeding ratio disappearance had been heavy. Winnipeg wired that a brisk northwesterly flow of cooler air will dominate the Prairies today, giving variable cloudiness and a few light afternoon showers. There is still no hope of real relief in those areas.

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CHICAGO, 4 May 27, 1958

Generally speaking, agriculture has not been adversely affected by the current recession. Economists call attention to the fact that the realized net income of farmoperators inthe first quarter of 1958 is estimated to be at an annual rate of $13 billion. This compares with a return of $11.7 billion in the same quarter of 1957. Farmers, like other people, often make comparisons with the most prosperous periods in history, and for that reason reference is often made to 1947, when realized net income hit a peak of $17.1 billion.

At that time, however, production expenses were only $16.8 billion, and since then they have risen to $22.3 billion, which is practically the highest ever reached, and is due very largely to inflationary factors, although, of course, there are many other considerations. There are 12 million tractors, cars, and trucks on American farms, and the depreciation and other consumption of farm capital amounts to nearly $4 billion annually. This is three times as much as taxes on farm property, indicating the necessity of keeping equipment up to date. Our farm population of 20 million people is less than 1% of the world's population, and yet it produces between two-fifths and one-half the world's output of eggs, red meat, and milk. It is impossible to over-emphasize the tremendous contribution that our agriculture has made to the growth and strength of this nation. Back in 1820, most of our people were farmers, and the average farm worker produced nearly enough for himself and three other persons, while today the average farm-worker produces food and fiber for himself and twenty other persons. Besides the quality of products is so much better.

The realized gross farm income is as great today as it was in 1947, when farmers were able to keep over $17 billion as the fruits of their labor. Today they are pocketing about $4 billion less entirely for the reason that production expenses have increased from that period. It might surprise many people to learn that, included in farm operation expenses, is an item of $4 billion which is spent annually for feed purchases. There are many farmers in the East, and particularly in New England, who do not raise nearly enough feed for their cattle and livestock, and have topurchase it from farmers in other parts of the country, besides which small amounts are actually imported from Canada. There are also some farmers who do not breed their own livestock and on an average they purchase $1.6 billion of animals from other farmers, which is also a part of the over-all production costs. Then there are farmers who for reasons of obtaining larger crops buy their seed and this amounts to $541 million per annum. Fertilizers and lime account for $1 1/4 billion of farm expenditures, and while a good many farmers are able to repair their own equipment, there is, nevertheless, $3.5 billion spent in this direction.

There was nothing in the statistical news. The government weekly crop report spoke of corn planting which had progressed rapidly throughout the Belt, being virtually completed in Iowa and about 75% finished in Ohio. Rains, however, are needed to get the crop off to a good start as topsoil moisture is short and uneven. It is still mostly dry in our Northwest and in Canada, with hardly any relief expected.

Canada has bought 5 cargoes of South African corn, as we do not grant a subsidy to that country. Corn was firm early but reacted before the close. Wheat also reacted after yesterday's advance, but there was no particular feature, and cash markets are very slow in adjusting to the price of new-crop months. Soybeans were lower, despite some local buying, but rye was strong on the dry weather reports, and Winnipeg advised that there was considerable short covering in their market. They were strong.

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CHICAGO, 4 May 28, 1958

Weather is the important news factor in the grain markets, particularly with the protracted dry spell we have had both in our Northwest and in Canada. One of our friends advises us that the past week was dry and windy in the spring wheat districts of our Northwest, with reports of soil blowing, and this has covered quite a large area. Damage was severe enough to make it necessary to reseed wheat at quite a few points. Conditions remain fair to good in South Dakota, southeastern North Dakota, and north central Montana. Of course, North Dakota is the large spring wheat stateand average production during the past ten years has been 118.5 million bu for that state, whereas South Dakota produced only 40 million. Minnesota is often mentioned because so many of the large mills are located in that state, but the average wheat crop has amounted to only 17.6 million bu; so it is comparatively unimportant in contrast to the Dakotas. Montana is a large wheat producer and has averaged 86 million bu, but of that amount 32.5 million has been winter wheat, leaving 53.5 million spring. On May 1st, the government estimated the winter wheat in Montana at 61.8 million bu, but since the weather has not been good since that time there could easily be a reduction, while spring wheat still depends on weather conditions from this time forward. Winter wheat in Montana is starting to head, which is extremely early, and one report we saw claimed that the plant was wilting during the day but recovering during the night. Topsoil is now reported dry down to a depth of 8 inches in the winter wheat fields, which means that the crop cannot go much longer without some real relief. In Canada the driest areas are Manitoba and Eastern Alberta. The rye crop has definitely been hurt, and some winter wheat (which is not a big crop up there) has turned brown.

With reports of this character, it is not surprising that wheat prices were firm this morning, although, generally speaking, winter wheat is coming along nicely, and we heard from Garden City, Kansas that the crop was about 70% headed. Most of it has straightened up following rains and with good weather it will probably be about July 1st before harvest would be in full swing. Poland was said to have purchased 2 cargoes red winter wheat for late July-early August shipment, and there were some hedges taken out of the pit, which also lent some strength to the market.

The weather forecast is not too good, although some widely scattered but brief showers are forecast for our Northwest, which in itself is not too helpful, but the 5-day outlook envisions up to 1/2 inch rain coming mainly toward the end of the period. While this would not be a complete cure after such a long period of drought it would at least be useful if these rains should materialize. Weather has turned warmer in our Southwest and some scattered showers are expected, which should not be regarded as unfavorable.

It is interesting to note thatofficials of USDA are still predicting that total wheat and flour shipments will reach the 400-million-bu mark, and, of course, they are in a better position to judge as they have full information on allocations, and apparently they expect heavy clearances during June.

Primary receipts of wheat were smallat only 682,000 bu, and this compared with 574,000 bu last week, when they were even lighter, and 861,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 311,000 bu.

One of the main features of the market today was the sharp advance in oat futures. The University of Illinois through their plant pathologist spoke of leaf damage which was showing up in the fields in north-central Illinois, and which appeared to be caused by a combination of weather conditions this spring. The plants had apparently developed a shallow root system when the weather turned warm and dry causing leaf scalding. This authority felt that adequate rain would help the oats to recover, but that there would still be cuts in the yield. There was considerable buying of oat futures, and some stop-loss orders were uncovered, which in turn probably had some influence on corn. Overnight bookings of corn were very light, but one of the industries was a heavy seller of July, apparently taking profits against a long position. Wheat was higher and until there is real relief in the Northwest we rather feel that the market will remain firm. Rye is the one commodity that should be strongly influenced by the drought. Most of the rye on the North American Continent is raised in our Northwest and in Canada, where apparently continued dry weather could do damage.

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CHICAGO, 4 May 29, 1958

We are still very much in a weather market. The moisture we have had lately has been mostly in the Southwest where it was not needed, and overnight more rains were reported, with the heaviest fall at Hutchinson, Kansas, with precipitation amounting to 1 1/2 inches. Elsewhere, it was lighter. Nothing of any consequence was reported in the spring wheat areas, nor in Canada. The Quaker Oats Company report confirmed what we have been saying for some time:namely, that dry weather conditions existed over practically the entire north central areas of the country, extending northward over the Prairie Provinces of Canada and westward into Oregon and Washington. They observe that even for winter wheat, lack of moisture is being felt and unless rains come soon, the excellent prospects,which have prevailed all spring, will deteriorate sharply. Despite this, they mention that prospects remain favorable over much of the heavy producing sections of the country, and call attention to the fact that the northern states are not heavy producers of winter wheat. Planting of corn is virtually completed even in the northernmost sections, but because of lack of moisture, there is much corn emerging from the ground, with uneven stands and a good, soaking rain is needed throughout the entire Mid-West. Soybeans, which are about 80% planted, are failing to germinate satisfactorily in many of thenorthern areas for the same reason :namely, dry weather. In the southern portions of the main belt, beans are coming up to excellent stands and many have been cultivated for the first time.

The Illinois weekly crop bulletin stated that this was the most favorable week to-date for most southern areas, but in central and northern districts, there is some irregularity of germination and growth due to dry topsoil. In Iowa, according to their weekly bulletin, crops are showing fairly favorable progress. However, in some localities where they have had little or no precipitation for several weeks, crops are beginning to be affected by moisture shortage. The resume points out that shortage of moisture again appears to be confined to topsoil, but with sunny weather and drying winds it has tended to neutralize beneficial effects of the generally light and scattered rains which fell over the state during the past week. In Iowa, corn planting was virtually completed while about 80% of the beans have been planted. There is a chance for some widely scattered showers over the spring wheat areas, and some relief also over the corn belt, but amounts apparently are not expected to bring any real relief.

Broomhall reports that wheat and flour shipments were a little heavier during the past week and amounted to 6. 3 million bu. This brings the season's total to nearly 347 million bu vs. 493 million a year ago. If clearances continue at this week's rate for the remaining period of the crop season, we will ship an additional 34 million bu, which would give us a gotal for the twelve months of 381 million bu. As we mentioned yesterday, USDA still contemplates that a goal of 400 million bu should become a reality.

A Canadian government crop report yesterday confirmed the urgent need of rain over wide areas of Western Canada. The Searle precipitation report showed that over the Provinces there was only 46% of normal moisture from April 1st to May 27th compared to 74% last year. During the session some good showers were reported in the rye country of Canada, and while local, the rains were helpful. Their market reacted some, and in fact before the close we had some selling here which was probably evening up before the long weekend.

Primary receipts of wheat were 953, 000 bu vs. 607, 000 bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 253, 000 bu. When the visible supply is posted on Monday it will compare with last year's decrease of 2 1/2 million bu. Corn futures were quite strong, and there was buying by both commission houses and locals. The same was true of beans. The latter market was helped by a wire which CCC sent to processors urging them in the interest of keeping beans out of government ownership to protect themselves with purchases before heavy defaults were made to the government. They intimated that their ideas on price would reflect the good demand which existed for beans in Ohio, Indiana, and Illinois. Prices did taper off toward the last as wheat broke, but selling on the whole was not particularly heavy. Holland bought 9, 000 metric tons of Manchurian beans for June-July shipment--some $4 to $5 cheaper than the U. S. price.

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CHICAGO, 4

June 2, 1958

Over the three-day holiday, showers were heavier, both north and south of the Canadian border, than had been originally anticipated, and the present forecast seems to be for further showers through the Dakotas and our spring wheat states. In the corn belt, rains were more generous, and at least temporarily have relieved fears of a protracted dry spell. As far as our Northwest and Canada are concerned, it will require further moisture. Wheat seeding in Canada is practically completed, but a fair proportion of coarse grains, such as oats and barley, remain to be sown, as there was some holding back awaiting moisture. In the Southwest, the Santa Fe crop report states that prospects generally have seldom been better for crops in the railroad's territory, although there has been some delay in planting of corn and beans. Meanwhile, according to advices which we have received, wheat harvesting is beginning to get under way, and early indications are that in returns from north central Texas and southern Oklahoma, most of the wheat has been running from 60 to 62 lbs, withyields from 12 to 35 bu per acre. Prices to the farmer were sharply lower today and the last we heard was about 3 to 8¢ over the loan, and, of course, this is only the beginning of the harvest. One house in Frederick, Oklahoma, took in 100,000 bu wheat yesterday testing 60 to 64 lbs, with yields of 16 to 40 bu per acre and moisture content quite low.

Whether any new farm bill will be enacted by the present legislature is still a matter of doubt. However, it might be interesting to note that one member of the lower House sent out a public opinion poll in which questions were asked, including queries on price supports on basic crops and dairy products. The results were tabulated as 54% favoring elimination of all supports, while no opposition vote was listed. On the proposition of sliding-scale supports of from 60 to 90% of parity, 35% voted for this proposition, 6% had no opinion, and there was no expression against these support ranges. On the propositionof supports at 90% of parity or above, only 5% expressed themselves in favor of same. While this does not cover too large a farm area, at least it might be used as some indication of public sentiment.

A message from Winnipeg this morning stated that overseas weather continued cool, and crops are being further retarded. There was no particular demand being expressed in the export market. According to one Washington source, it only remains a matter of putting a few loose ends together for the Agriculture Committee to complete its bill on P. L. 480. Apparently the bill will provide for $1 1/2 billion for each of two years, starting July 1, 1958, while the $1/2 billion for the last half of fiscal year 1958 will, of course, be omitted, as it is too late now.

Broomhall commented that European crops were largely satisfactory, except temperatures were below normal over large areas, which slowed backward growth. However, in France more rapid growth was noted, and indications are that that country may again realize a good surplus of wheat for export. With better weather conditions in our Northwest over the holiday and thestarting of the movement in the Southwest prices of all grains were sharply lower at the opening. Wheat prices to farmers are rapidly being lowered in the Southwest. The last we heard they were running 3 to 8¢ over the loan, but it is anticipated that within a few days after the movement has enlarged prices will be down to, or below, the loan. At the present time most of the receipts are being sold, although if prices decline to or lower than the loan price, it is anticipated that much will go into storage as long as space is available. Based on the early returns there were some very optimistic estimates for Oklahoma and Texas. We heard of no export business overnight, although there was fair buying of wheat on part of people with export connections. Milling demand remains quiet, and cash wheat premiums in Kansas City have declined very radically during the past few sessions. CCC did not accept any bids for corn over the weekend, but shipments from river points seem rather heavy. Sales of corn from Chicago were small. The demand from exporters that was sending corn down the river instead of having it barged to Chicago, has ceased for the last several days. There seems to be quite a bit of corn on tap in the country, slightly above present cash prices.

Stocks of wheat in Chicago declined 272,000 bu, while corn stocks decreased 427,000 bu. There was an increase of rye in bond of 653,000 bu.

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CHICAGO, 4 June 3, 1958

According to Mr. Lawrence Sullivan, who is Coordinator of Information for the U.S. House of Representatives, in a recent issue of THE FREEMAN, states that unless Russia can do something spectacular before winter to improve Russian nutritional standards, an explosive food situation will confront the entire Communist world in both Europe and Asia. Communist agriculture has failed for forty years to keep abreast of Russian population growth. Our Department of Agriculture, in a food survey last January, pointed out that food production per capita this year in the free world is 4% greater than the 1935-39 average, but the Communist nations are still 8% below their per capita, prewar averages, illustrating that failure to feed a steadily expanding population continues as the first challenge to world Communism.

We have heard a good deal of Sputniks and scientific advancement in Russia, but living standards are woefully inadequate. A Soviet factory hand must work 3 hours to earn one dozen eggs, which translated into American wages means that eggs in Moscow are selling at $6.30 a dozen in New York equivalent. Prior to the Communist revolution, Russia was the principal world exporter of wheat, but in 1956 the Soviets imported 15 million bu wheat from Canada and additional tonnages from Argentina and Australia. It has been pointed out that all the temperate zones in Russia already are under collectivist cultivation. There are no new lands available for corn and feed grains as a basis for more meat and dairy products. Russia is also totally lacking in quality-breeding stock, and there is a great shortage and backwardness in refrigeration and processing equipment. Transportation is also inadequate everywhere. Last November, Senator Ellender, returning from a Russian tour, remarked that many Russian people today have only black bread, cabbage, potatoes, beets, and a pot of tea.

Weather is being closely followed in our spring wheat territory as well as north of the border, and rains received in June and July will be the determining factor as to the size of the crops. The situation in our Northwest has been somewhat relieved although much more rain is going to be needed. Meanwhile overnight there were further showers reported, reaching as much as 1.13 inches at Bismarck, 3/4 inch at Fargo, 1/2 inch at Jamestown, and International Falls, and lesser amounts elsewhere, although rains are still of a scattered nature. The 30-day weather outlook for June, which is not a very reliable forecast, is to the effect that rainfall is expected to exceed or equal normal over the northernhalf of the nation, while subnormal amounts are indicated in the southern third.

According to the USDA, the carryover of feed grains from previous crops at the time of the 1958 harvest is forecast at 62 million tons, about double the average carryover for the years 1952 to 1956, although feed grain production in 1958 is expected to be smaller than last year, according to farmers' intentions to plant. The excess of the feed grain carryover will be about 40 million tons more than normal, or enough to feed all of our hogs for a year.

According to advices we received from our Oklahoma stations and Texas office, wheat harvest is increasing and by tomorrow it is expected it will expand rapidly. Most of the new wheat so far has been sold, as today's prices were running 2 to 3¢ over the loan, but within the next few days apparently prices offered to farmers will be lower. Then it remains to be seen how freely producers will sell wheat. However, with the yields we have seen so far, production in Texas and Oklahoma may well exceed the last government figures.

There were six cargoes of wheat sold to Poland overnight, and earlier this morning export houses were again good buyers of wheat, but as the session progressed some hedging pressure was exerted, and final prices showed a decline from last night. Flour business remains quiet.

Canada wires that the rains in Saskatchewan over the weekend will be helpful but far from adequate to correct the moisture situation. Manitoba has had very little relief. There was further moisture over areas of our corn belt, and in talking with Iowa this morning they reported most satisfactory rains. Cedar Rapids reported it was raining hard, while at Fort Dodge, Iowa, there was almost a cloud burst, with 4.67 inches.

The CCC rejected all export subsidy bids on corn last night.

The visible was posted too late to be included in our letter of yesterday. Wheat showed a net decrease of 1,836,000 bu, and the total now is 265,186,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 4, 1958

This morning, Mr. Galvin, who issues the only private report on crop production, has estimated winter wheat production at 1,060 million bu, with an indicated yield per acre of 25.2 bu. The spring estimate is 202,297,000 bu, although he comments that the dry situation has been temporarily relieved in some areas by beneficial rains at the end of the week. However, he has reported the winter wheat crop at approximately 51 million bu more than the government as of May 1st. The main increase in production according to his figures occurred in the states of Kansas, which he now places at 244 million vs. the government figure of 218 million; Texas at 71 1/2 million compared to the government's figure of about 68 million, and Oklahoma 87 1/2 million vs. the government's figure of approximately 81 million bu. There was some decrease in Montana and about 2 million increase in Illinois and Indiana unchanged. The combined winter and spring yields now total 1,262 million, and if we add to this the government figure of the probable carryover on July 1st of 880 million, it would give us supplies the coming season of 2,142 million bu. The winter wheat crop as estimated is again larger than the combined winter and spring wheat crop last season of 947 million bu.

Mr. Galvin places the estimated acreage of corn at 74 1/2 million acres compared with 73,985,000 acres planted a year ago, which is a little bit surprising in view of the amount of acreage that is presumed to go into the Soil Bank. The oat estimate of 1,217 million compares with the harvest last year of approximately 1,308 million bu. As we pointed out yesterday, the carryover of feed grains from previous crops is forecast at 62 million tons. According to the Agriculture Department of the University of Illinois, the corn carryover alone will be around 1,600 million bu, or about 180 million more than last fall. Less corn has been placed under price support this year than the previous season, although the total of all feed grains placed under the price support program during the year will be a new record high. Through April 15th, 302 million bu corn had been put under price support, which was only three-fourths as much as had been impounded a year ago, and it is anticipated that a little less than 400 million bu corn will seek the support program.

Broomhall's Foreign Crop Summary points out that there has been wet, stormy weather over large sections of Europe. Most areas are supplied with moisture and warm weather is still the need to insure proper growth. The estimate for the U.K. is about the same amount of wheat as last year. In France, the crop is favorable but the growth retarded, while comments from Spain and Portugal are optimistic. Recent rains in Australia have improved conditions in that section of the world and planting is gaining momentum.

Overnight there was good moisture reported in the spring wheat states with a favorable 5-day forecast. North of the border only a few scattered showers occurred. The Illinois weekly crop bulletin states that in the southern end of the state farmers are rapidly catching up on field work. Corn planting is virtually completed except for the two southern districts. Soybean planting is about 88% completed. Wheat conditions continue good with about three-fourths of the acreage now headed.

From what we can gather from our stations in the Southwest most of the wheat so far has been sold. However, prices this morning dropped from the loan price to 2¢ under, and it will be interesting to watch whether producers, in view of large yields, are willing to sell under the loan values, or at least temporarily try to find storage, until such facilities become cramped. The effect of harvesting is being felt in our market and both July and September wheat made a season's new low although markets recovered on short covering by locals. There did not seem to be any particular buying on part of exporters today, and milling demand is quiet, although according to The Southwestern Miller, there has been a slight increase in the amount of spot shipment flour being sold, and more bakers are at the end of contracts on hand of winters. The country is selling very little corn to Chicago, with exporters showing more interest in buying barge corn to be shipped to the Gulf. July corn was very strong, but new crop months showed some sagging tendencies. In a message we received today from Minneapolis, one party who had traveled in Minnesota extensivelysaid that corn and beans looked wonderful. July beans found good support this morning on part of elevator and export interests, and also displayed strength compared to new crop months.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 6, 1958

This year promises to be a great one for American agriculture. Insofar as wheat production is concerned, it will surpass the 1957 yields by a large margin. It is, of course, too early to say what the production of corn and soybeans will be, but according to early prospects, we should have good results again; thus, in spite of the economic recession producers should have a very satisfactory year. Our total agricultural output last year was one of the highest on record, and yet it was produced on the smallest acreage since 1919. This is due largely to technological developments, which have brought us a steadily rising output per acre and per animal. Much of this has been accomplished in the last two decades, and since 1940, our corn yield per acre has risen 56%, while wheat has risen 40%.

All this, of course, has resulted in abundance, which in turn is theproduct of the free spirit with which our farmers approach their tasks. Virtually all the major exporting nations had built up large surpluses, although Australia went through five years of drought and thus felt the effects of the smaller wheat crops through shrinking exports and actually some imports. Canada next summer may not produce a large crop unless weather conditions improve during June and July, but, nevertheless, we foresee a carryover reserve of some 640 million bu, which is practically enough to take care of four years' domestic consumption in that country. Even if they should have only a very moderate crop, North America will still be the great bread-basket of the world, and it is good that if there are to be surpluses at all, they sould occur in those parts of the world that are free. It would, indeed, be quite a different story if we were faced with scarcity instead of abundance.

All these things we have just mentioned are quite remarkable considering that in 1949, U.S. farmers harvested 76 million acres wheat; however, for the past threeyears, under a system of allotments, cuts were made to 55 million acres.Then the government approached the problem through the Soil Bank, which was intended to reduce acreages even more. Last season we harvested wheat on only about 43 million acres, which was a cut of 43% compared with 1949. In addition to what the farmer received from his crops, he had government payments for participation in the acreage reserve, which last year totaled about $230 million.

During the past week U.S. wheat and flour shipments declined to about 3 3/4 million bu. This brings the total since last July to 354.3 million bu compared with 498.4 million a year ago. If we ship at the present rate during the last month of the crop season, our total clearances will reach a figure of only 370 million bu. Last week our corn shipments amounted to 1 1/4 million bu, and since October 1st, they have totaled 123.2 million bu vs. 109.4 million a year ago. We heard overnight that CCC had accepted subsidy bids on 1.8 million bu corn via the Atlantic, and there was also a small quantity at the Gulf. CCC sold some barley, milo and oats together with 700,000 bu No. 2 rye, track Baltimore. Consequently, there is reason to expect that our rye situation may improve from a statistical point of view as the season progresses.

No rains were reported over our Northwest or in Canada that were of any consequence, although early indications were for some scattered showers in the spring wheat area, but the prediction across the Canadian Prairie Provinces was for above normal temperatures.

Primary receipts of wheat amounted to only 665,000 bu, while a week ago was a holiday, and a year ago receipts were over 1 million bu. Kansas City and Minneapolis stocks so far this week show a total decrease of 191,000 bu. When the visible supply is posted on Monday it will compare with last year's shrinkage of 3 million bu.

Wheat prices were moderately firm early, but there was no inspiration to buy as some traders remembered that a week ago we had a dry forecast., and over the holidays rains visited many areas. Soybean oil was very weak, and in fact made new lows on the crop. This in turn affected soybeans. New-crop corn futures were firm, but a leading elevator company sold July against September. The Quaker Oats Co. report spoke of timely rains which apparently had enhanced the prospect for corn and beans. The wheat movement in the Southwest is making headway, but as prices fall below the loan, farmers seem to take storage. Rye, as mentioned earlier, could benefit if exports continue.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 9, 1958.

In trying to analyze the wheat market, the main problem confronting everyone is the amount of wheat that will be impounded and the amount of ineligible wheat that might be placed "in bond." The largest amount of wheat impounded to-date was in 1953, when 554 million bu was placed under price support. While the winter wheat harvest is only in its early days, the pattern seems to be that wheat is offered on the market at around the loan level, and where prices are quoted 2 to 3¢ under the loan, storage tickets are taken, at least emporarily. From what we hear there are a few stations which have already closed down and are not taking any more wheat on storage, but these are mostly isolated spots, and it has not in any way become a general rule. Our own experience at our country stations has been that so far we have bought about one-third of the wheat received. However, it must be remembered that the first run of wheat was selling over loan values, but over the past weekend the percentage purchased was only about 10%. During the coming crop year we will need about 600 million bu wheat for domestic uses and if exports total 400 million, of which about 300 million would have to come from free stocks, it would mean that approximately 900 million bu of free supplies would be needed. This would be 360 million less than the total supply of 1,260 million bu as recently estimated by a private reporter.

Should impoundings anywhere near approaxh those of 1953, it would indicate a rather tight cash situation later in the season. For producers who have stayed within their quotas, storage loans can be taken as long as storage spqce is available. In the case of farmers where an excess has been harvested, the wheat can be placed "in bond" and can be marketed later in the current season by the payment of $1.09 penalty, or it can be held back for future years when weather conditions are not as favorable and the growers harvested acreage is less than his allotment. Under the latter condition, a grower could maket the bonded wheat without penalty to bring his total marketings.up to that which would be expected from his allotment in a future year.

Over the weekend there was some spotty moisture reported from Canada. The Winnipeg Free Press, in their issue of June 5th, states that Western Canada's wheat crop is fighting and winning a survival battle in one of the driest springs of recent years. Drawing heavily on subsoil moisture reserves and making utmost use of limited rainfall, the crop has entered the growing month of June in good shape. However, rains will be needed, and the threat of a drought year is still with the farmer. The spring wheat territory in this country received some rains over the weekend, although areas where they were good were rather spotted. However, the 5-day forecast holds forth the promise of additional moisture.

CCC has just issued the minimum terminal market price support rates for the 1958 wheat crop. The rate for Chicago and Kansas City is $2.11, where produced in commercial areas, and $1.58 in non-commercial areas. This is the minimum price as on July 1st it is subject to any change in parity, which at the present time looks to be about 4¢ higher.

There were 4 cargoes of red wheat reported sold to Yugoslavia over the weekend, and exporters seemed to be fair buyers of the futures the early part of the session. The tone of the wheat market was firm during the whole session. Enid, Oklahoma, wired that less wheat is being bought now that prices are down to the loan level to 3¢ under. Flour sales have shown a little pickup, mostly PDS stuff and current needs. However, only a few inquiries are coming through for longer time. Chicago stocks of wheat decreased 269,000 bu, beans decreased 176,000 bu, while rye in bond increased 318,000 bu. Corn was lower throughout most of the session, particularly the new crop months. Beans found some support from the strength in the meal market and local buying. Over the weekend the CCC rejected all corn bids for export.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 10, 1958.

One of our good friends advises us that spring wheat conditions look entirely different since the rains, and as far as crop prospects are concerned, there has been general improvement even in areas where real damage was believed sustained due to the drought and high winds that prevailed early. Overnight there were some nice rains again on both sides of the international border, According to our informant conditions at the present time show good prospects for Minnesota, most of South Dakota, and most of the eastern half of North Dakota.

This afternoon after the market has closed we shall have a government report. Conditions for the spring wheat area may not reflect all of the improvement in weather, as, generally speaking, they compile their data the way conditions are reported to them on the first of the month, and a good deal of improvement has occurred since that time. As for winter wheat, it is a question whether the very optimistic figures of the Galvin report will be fully confirmed in today's estimate. A winter wheat crop on a smaller acreage, which shows well over a billion bu, naturally has to be tempered if there are any adverse conditions between now and harvest. This is particularly true in some of the western sections of Kansas where grasshopper damage is thought to have taken a toll of some of the wheat, but our experience has been that when fields are wet, grasshoppers are not as active as they are in vey dry seasons; furthermore, we have not known too many occasions when the winter wheat crop was very much affected, although there have been some exceptions. Generally speaking, damage from this insect occurs more in spring wheat areas. However, it will be intereeting to see what this afternoon's reports show.

It is rather encouraging to hear that conditions in central Montana are good, because this is the heaviest production area in that state, and a good many people believe there is a prospect of close to a 30-bu per acre winter wheat crop. In any case chances for an average spring wheat crop are now possible, and soil conditions have been relieved by recent rains, so that the outlook is considerably better than it was ten days ago. Rains also visited the corn belt, while weather in the Southwest was mostly clear. We had some good rains in downstate Illinois, and we are also getting optimistic reports from Iowa, which is the heaviest corn producing state, so that the outlook for corn and beans has also been enhanced by better weather.

Returning for a moment to wheat, there are some reliable people who believe that grasshopper damage is not as serious a menace to the crop as if they had appeared when the plant was more tender. The Peavey crop report claims that in general spring wheat prospects are as good or better than they were a year ago at this time, with some possible exceptions. As of May 15th, the amount of corn under loan is 328.8 million bu, which compares with 301.8 million last month and 434.7 million last year. Wheat redemptions to-date have amounted to 46.6 million bu, plus about 9 million bu Purchase Agreement not exercised, but it is our opinion that when the carryover reserve is published, the amount of free wheat will be practically as small as it was a year earlier.

Primary receipts of wheat were 867,000 bu, which compares with 929,000 bu last week and 936,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 38,000 bu.

We find that there is only 785,000 bu of free wheat in Chicago, and the balance of more than 2 1/2 million is CCC-owned. From that it is obvious that we are going to have to build up our stocks from virtually no initial supply. Corn prices, with the exception of the nearby future, were somewhat weaker, and according to the government weekly grain report planting is nearing completion throughout the Corn Belt, with general progress somewhat ahead of normal in most northern sections. The resume spoke of hastened maturing of winter wheat, with an adverse effect on test weights over much of the Central and Great Plains areas. 80% of the crop is now harvested in southwest Oklahoma.

The Searle crop report spoke of overnight rains that ended this morning, and this may afford an opportunity for planting more flax than had been anticipated earlier. However, Canadian grains were mostly strong, and there is still quite a deficiency of moisture in that country.

With prices 2 to 3¢ under the net loan southwest Oklahoma elevators bought about 14% of the arrivals.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 11, 1958

After the close of the market yesterday, we had wheat estimates of the Crop Reporting Board, with winter wheat at a record high of 1,069 million bu, which was 51% more than last year and 26% above average. Spring wheat production, including all classes, was forecast at nearly 202 million bu, which was a cut of 16% from last year and was 24% below average. On the whole, winter wheat was given more attention because it surpassed the previous record 1952 crop, but was grown on 9 million fewer acres. Yields per acre this year are expected to average a record high by a wide margin. However, the private estimate earlier this month predicted nearly as much winter wheat, and, therefore, the official report was not regarded as anything very new in the situation. The detailed report spoke of the presence of grasshoppers, which is being handled by various control measures, but, nevertheless, a severe infestation does exist in Texas, western Oklahoma, western Kansas, and eastern Colorado. Included in the 202 million bu spring wheat is the very small durum crop of only 16 million bu, and the latter resulted from reduced plantings and only fair yield prospects. However, the total winter and spring wheat production of 1,271 million bu would be more than one-third larger than in 1957, and the fourth largest crop of record.

The rye condition and prospects both declined slightly during May. Almost as much attention was paid to the fact that the Illinois wheat crop was raised to 58.3 million bu as to the fact that there was a 59million-bu winter wheat increase for all states compared with the May 1st forecast. The reason for this is obvious as Chicago depends so largely on the Illinois production for its supplies. With high freight rates we can hardly expect to draw wheat to our market either from the Southwest or the Northwest, so that the carrying charges are pretty much determined by local conditions in the surrounding areas. Some attention was also focused on the indicated winter wheat yield of 25.4 bu per acre for harvest, which is a new high, and is significantly above the 1957 yield of 22.4 bu, to demonstrate what the copious rains have accomplished.

The Kansas wheat production of 244.7 million bu continued to climb during May as favorable temperatures and adequate moisture pushed yield prospects to record levels. Thus this is again the state which has gone head and shoulders above any other in total production. The crop is still faced with the usual threat of lodging, disease, and insects, especially grasshoppers in western areas but the official report indicated that damage toJune 1st had been light. The condition of rye on June 1st stood at 89% of normal, which was a decline of 3 points from the high condition a month earlier and compared with 87% a year ago, and a 10-year June average of 81%. The important factor as we see it in rye is that exports this season under subsidy, which must constitute home-grown rye, may improve substantially and this might offer great competition to Canada in the months ahead. Dry weather during most of May caused some deterioration in North Dakota and Montana, although recent rains are not fully reflected in the June 1st condition report. Nationally,the June 1st pasture condition of 88 not only reached last year, but also three other years of highest June prospects since 1944. Corn planting came to virtualcompletion in May in Iowa, most of Illinois, and other central and northern corn belt areas, while soybean planting trailed closely behind corn to reach or approach earlier than usual completion. Germination has been satisfactory and very little replanting has been necessary.

Primary receipts of wheat were not large and amounted to 716,000 bu. This compared with 644,000 bu last week and 724,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 55,000 bu.

Wheat prices were finally strong and there is not much pressure from the country. We feel that the impoundings are bound to be heavy, and would not be surprised to see anywhere from 400 to 500 million bu of wheat placed under loan. Prices in Oklahoma are running from 2 to 5¢ below the loan. Soybean meal was very strong and prices are up about $3.00 this week. This had quite an influence on beans and there was rather general buying. Corn was quite strong and the country sold very sparingly. It is thought that if river elevators could pay $1.30, they might buy good quantities. The present price is 1 1/2 to 2¢ under that level. In the last few days CCC has sold fair amounts of beans to the trade. We hear that the Chicago Office will continue to offer and make sales as long as the practice does not disrupt the market. Rye prices advanced into new high ground.

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CHICAGO, 4

June 12, 1958

We have commented repeatedly on the heavy costs that are entailed through various government programs in an effort to hold up agricultural prices. To carry out a plan for helping wheat farmers in the U.S., we have been maintaining prices artificially high at home so that the farmer could get a better price in the market place, but this has been a very costly operation owing to the fact that accumulations had to be stored. In many cases losses were taken either because grain went out of condition or through exports where foreigners were not willing to pay the high price that we have tried to maintain for our products. Much of our business into exporting channels could be accomplished only through a subsidy that ranged anywhere from 60 to 80¢ per bu in order to bring wheat back to the price that foreigners would pay in competition with the surpluses from other countries.

Even importing countries have had their difficulties, and the U.K. in subsidizing home agriculture had to assess taxpayers very heavily in order to carry out the relief programs that the government had put into effect. According to official statistics, there was an expenditure of $576.8 million during the 1955-56 season for the privilege of a subsidized farming industry in Britain. In 1956-57, the cost rose to $672 million, and it is estimated that in the season drawing to a close the total will amount to about $812 million. These expenditures are all serious in themselves, but what is probably worse is that the normal marketing functions have suffered so severely that the exchanges cannot operate efficiently as they did before all these relief measures were initiated. There is no intention of closing the Liverpool Wheat Futures Market, but at the same time it is admitted that the function of that market has been very seriously hampered.

We have had a similar experience in some of our smaller markets, such as Kansas City and Minneapolis, which have suffered heavy loss of business through artificial factors. Many hedgers who traditionally used those markets because they were closer to the areas where grain was grown have come to Chicago, but even the business here has shrunk, and there is no assurance that we may not suffer more if present policies are continued. Support prices act as a floor and government selling acts as a ceiling, so that there is little freedom in our price structure, and there is little latitude for a market to operate according to supply and demand factors. This has naturally deterred traders from making commitments. It would, indeed, be a tragedy if governments did not realize these conditions before hedging facilities and the general usefulness of markets is even further impaired.

Broomhall reported wheat and flour shipments of 4.5 million bu for the week, with a total of 358 million bu shipped since July 1st. This would suggest total clearances of 370 to 375 million bu for the season. USDA officials predicted that, despite the grasshopper outbreak, which is the most serious in twenty years, the wheat crop will be harvested with little damage at least in Texas and Oklahoma, Some crop damage has been reported in Kansas but the hoppers are still largely confined to roadsides and idle land.

Primary receipts of wheat today were a little firmer and amounted to 1,181,000 bu, which compared with 741,000 bu last week and a little over a million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 61,000 bu.

Wheat was a little easier at the start, but there had been some scattered rains reported in the Southwest, with more to come. Kansas City ruled firm all day, which brought some buying into our market, and it was not offset by an sizable amount of hedging. Oklahoma elevators are only buying a small percentage of the arrivals, which is understandable since prices are 3 to 5¢ below the net loan. There is a chance that a distress price support loan will be announced for wheat stored on the ground. Canada has not had nearly the precipitation which they need, and their prices also held firmly. According to the Searle report, all crop districts in the three Provinces still continue to show less than normal growing season's rains to-date. Corn, except for July, was quite indifferent, but the recent advance in prices has brought out a little freer country selling, but the quantities have not been big. There was again strength in meal but soybeans were not much influenced by this. Denmark bought a cargo of Manchurian beans for June-July shipment.

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CHICAGO, 4

June 13, 1958

There were inklings yesterday that the USDA would reestablish their distress price support loans for the 1958 wheat crop. After the market closed, the announcement was published, and the government stressed that there were certain localities where storage space was not available and that, therefore, they were in position to render loans against wheat either piled on the ground or in temporary structures. Distress loans of this type would be on a recourse basis at 80% of the regular commodity loan rate. This would mean a price of about $1.44 per bu, and is, of course, considerably below the market, but it might enable farmers to hold on to their wheat until permanent arrangements could be made. In the meantime, of course, the farmer would be responsible for any loss in quantity or quality of wheat during this temporary period. If later on suitable storage was found, producers could avail themselves of the regular price support loans, but on basis of quantity and quality, as well as condition, of the wheat at that time. If deterioration occurred and the wheat failed to cover the distress loan obligation, farmers would then have to pay the difference to the USDA. In all cases temporary loans would be limited to counties or areas designated by the Wheat Agricultural Stabilization and Conservation Committees, so that with these qualifications there seems to be some doubt as to how important this program may be.

In any event, wheat prices were somewhat higher at the opening, and there was not much other news except that there had been some very heavy rains in the Chicago area, and precipitation also extended to most parts of the corn belt, with a rather wet map for those districts, but there was not much moisture in the Southwest, although some may be expected, according to the 5-day outlook. There was no precipitation reported in Canada, where temperatures this morning ruled from 39 to 48 degrees. Our Northwest temperatures were on the cool side, and they had a little moisture, but in many cases not much more than a trace.

We heard that 280,000 bu oats was shipped from Canada to Buffalo yesterday, and there was also a report that CCC had accepted bids on 200,000 bu at 21¢, while CCC sold exporters 800,000 bu milo and 200,000 bu oats, the latter two being at the Gulf.

Our Winnipeg friends advise that reports now seem to confirm that the recent frost in Western Manitoba had been more severe and extensive than earlier indicated, and that there had been a good deal of damage, particularly to barley and flax. The U. K. demand for barley appears to have subsided following yesterday's large business, and at the moment at least American corn is more attractively priced.

The stock market sold at a new high for 1958, and a good many keen observers point out that even within the next ten years, we may look forward to tremendous progress. By 1968, a member of the President's Cabinet predicts that we may have a national population of 205 million --an increase of more than 30 million persons. He believes that our gross national product may be nearly 600 billion, an increase of 44% over 1957; also he believesthat our personal income may buy nearly 20% more than it does now. Thus, despite some pessimism surrounding the present recession, we can be sure that a wonderful future is in the making.

Primary receipts of wheat today were a little heavier at 1.1 million bu, which compared with 665,000 bu last week, and 1.4 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 46,000 bu. When the visible supply is posted next Monday it will compare with a shrinkage last season of 2 3/4 million bu.

There is still a holding tendency in the Southwest, but we heard of more wheat that is being piled on the ground, as there are localities where there is not enough elevator space to accommodate all the arrivals, and undoubtedly some of this wheat will have to be sold. Milling business keeps up rather steady. It will be a little warmer in Canada and no moisture is looked for in that country, nor in North Dakota. Heavy rains prevented shippers from selling corn and some river elevator operators did not buy a bushel of corn, while rail bookings were extremely light. The weather seems to be ideal for beans, except for a few sections where the ground is under water, but most areas are reporting a very optimistic outlook.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 16, 1958

As we view the surplus crop situation in the U.S., particularly with respect to wheat and corn, we are just as convinced as ever that many of our troubles lie in the field of distribution and not in overproduction. There are today 1.4 billion people in 12 Asian countries; in only 3 countries of the Far East are people getting enough to eat. Those in the 9 other countries are either underfed or living on marginal diets, according to food balance sheets compiled by the Foreign Agricultural Service. Probably more serious than the calorie deficiency is the nutritional inadequacy of the diets of these people, and it is due mainly to the preponderance of cereal grains and starchy foods, which together account for almost three-fourths of the total calories in the food eaten daily.

There is not a single country in the Far East in which rice is not the most important single item in the entire diet. The ratio ranges from 72 to 73% in Burma and Thailand down to 34% in India. Of the 9 countries in which consumption is less than 2,200 calories a day, mainland China appears to be the poorest fed. China's tradition of periodic floods and famines is well known; moreover, the Communists have neither been able to halt these natural calamaties, nor have they attained increases in agricultural production planned and sometimes claimed. The food situation is also aggravated by the government's policy of rationing food as a means of getting agricultural products to export in order to finance industrial development. China's huge population, now estimated at well over 600 million, continues to increase. For the 12 Asiatic countries, including India, where about three-fourths of the people eat no meat at all because of religious practices, their diet is also low in dairy products. By far the lowest in consumption of milk and dairy products is Communist China. So little is available that consumption when spread over the entire population is not sufficient to register even one calorie per person per day. India, which has virtually one-fourth of all the cattle in the world could through proper distribution raise living standards, but apparently this is not beingdone.

Before our market opened this morning, there were heavy rains reported in parts of the southwest, particularly for Kansas and Oklahoma; in the Enid sector 1 to 3 inches fell over the week-end, and the 5-day outlook is for more rain during the period. Should the wheat crop in the wettest sections present storage problems, then,of course, larger quantities might be sold with fewer loan entries. However, it is too early to come to such conclusions. There was no adequate moisture received in Canada over the week-end, and temperatures were a little higher, while in our Northwest there were a few scattered showers, but in most instances the rains were rather light .

USDA calculates that the amount of wheat remaining for milling, export, or carryover on June 1st amounted to 940 million bu vs 993 million a year ago. Our market opened a little lower as shorts had covered toward the end of last week and there was no important commercial or speculative buying at the start. CCC had accepted 120,000 bu corn at a 21¢ subsidy for June-July shipment, via Gulf and Atlantic and 895,000 bu a 11¢ subsidy October-November shipment at the same points.

Chicago wheat stocks decreased 178,000 during the week, leaving 3.2 million bu here. We heard that Chicago buyers had bought some new crop wheat over the week-end for July-August shipment. In addition some was bought for this week's shipment, which will come from southern Missouri, but at a sizeable premium over the July future delivered here. Corn stocks increased 112,000 bu and bean stocks increased 154,000 bu, which brings the total here to nearly 7 1/2 million bu.

Trade was very dull and there was no feature. . The market, however, reacted and wheat prices closed lower. Flour sales over the week-end were small except for some further PDS business. Rye prices were higher and with dry weather in Canada there seems to be a continuing bullish sentiment in that cereal, particularly since exports might be quite heavy under the subsidy program. Spot corn traded at 6 1/2 over and July corn was higher, but the deferred months are meeting some pressure on advances, and with the fine crop outlook there is not much bullish enthusiasm. We heard that the Chicago CCC Office sold 1.8 million bu soybeans at prices not much over the loan plus the formula mark-up.

UHLMANN GRAIN CO.

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CHICAGO, 4 June 17, 1958

Most of the comments coming out of Washington emphasize the possibility of smaller agricultural exports during the coming season. One official yesterday was quoted as saying that our wheat shipments might fall to a level of 300 million bu or less, although in our opinion it is far too early to have firm convictions, particularly as we do not yet know the size of European crops. We note also that another expert is claiming that the export picture for dairy products is not hopeful, and that competition will increase as new and old exporters vie for markets. He calls attention to the fact that world prices of butter and cheese have declined to a point well below Commodity Credit Corporation's export prices; therefore, he is predicting that their sales for dollars will decline appreciably.

The fact of the matter is that the countries of Continental Western Europe form the largest foreign market for U.S. agricultural products. In the fiscal year 1956-57, they imported $1.9 billion, or 40% of all of our agricultural exports. Besides more and more of these farm products were bought with earned dollars in contrast to the years following World War II, when our shipments to Western Europe were largely financed under various aid programs. Since 1950, both Europe's imports and exports have doubled, and they now represent about one-third of the free world's total trade as compared to slightly over one-fourth eight years ago. Last year they continued to increase at a very remarkable rate, and exports from those countries amounted to $31.7 billion, which was a gain of $3.2 billion over 1956, while imports reached $36.8 billion, or an increase of $3.6 billion over the same year. Besides our shipments to European countries, we have built up another large market since World War II: namely, Japan. Her trade in world markets reached a postwar high in 1957. Imports of all commodities were valued at $4,284 million, which was up one-third from 1956, but imports from the U.S. increased more rapidly than those from other countries, with our share moving from 33% in 1956 to 38% last year. It is also true that exports from Japan to the U.S have been fairly steady, although quantities destined to this country have not kept pace with shipments to other nations. Nevertheless, we must conclude that the possibility of exporting our agricultural products does not look too pessimistic at this time. Just recently Communist China notified Japan that it was suspending all trade between the two countries. Even before this was done, China repudiated a $98 million commercial agreement that was only one month old, which is certainly an indication of the uncertainties involved in attempting to trade with Communist China.

Before our market opened, there had been some moisture reported in parts of our Southwest, with a fall of 1/2 inch at Garden City, Kansas, while a minor tornado struck about ten miles southwest of Hereford, Texas. Light rain fell over the corn belt and an inch was reported at Jamestown, N. D., but not much elsewhere in our Northwest or in Canada. According to the Peavey and Occident Elevator reports, Northwest temperatures were generally below normal during the past week, but rain had been fairly general, ranging from 1/2 inch to 3 inches. It is still mostly dry in the northern one-third of North Dakota, but otherwise they say that moisture conditions are generally good. Corn and soybeans in that territory have made little progress due to cold and wet weather, so that for the most part stands are uneven. The Saskatchewan Pool report was rather pessimistic and further damage was reported by frost and drought in that Province. Condition of wheat during the week dropped 12 points and oats 15 points.

Primary receipts of wheat were very heavy at 6.3 million bu, which compared with only 867,000 bu last week and 1 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 70,000 bu.

The wheat market was subjected to selling and a good deal of it came through a local commission house, which found the market rather poorly supported. There are some scattered showers predicted for Saskatchewan from Regina to Brandon, but nothing much for Alberta or Manitoba. Temperatures across the Prairies should reach the low 70's. Beans held fairly well for a time, with strength in meal, but there was stop-loss selling and liquidation, with the result that the July future sold at a new low on the crop. The Chicago CCC Office sold 1.1 million bu overnight. Corn was rather firm mainly due to the cash basis, which continued strong, with very little country selling. The carrying charge spreads in Chicago have been acting worse than those in Kansas City due to the fact that the country is selling very little new crop wheat from territory upon which we ordinarily draw at this time of year. Rye was very weak.

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CHICAGO, 4

June 18, 1958

Whenever there is a drain on the gold supplies of any country, it generally denotes an inflationary tendency, and in the case of many European nations continued loss of gold metal has been the forerunner of devaluation. While this may be a general rule, it undoubtedly will not apply to the U.S. despite the fact that during the first five months of this year, the outflow of gold has amounted to $1 billion. This was one of the most rapid declines in recent fiscal history. This reduction compares to an increase of $799 million in the U.S. gold stocks during all of of 1957. One of the principal reasons for the present turn is presumably the sharp decline of short-term interest rates compared with the behavior of such rates abroad. In other words, a development of this kind has tended to persuade some investors and governments to reduce their holdings in the U.S. and to invest them abroad where they could get a more attractive return on their assets. The largest part of the recent decline of our gold balances was from British sources, and it is, of course, attributable to the contrast in interest rates, with U.K. treasury bills yielding over 6% while the yield on comparable U.S. issues has dropped far below that level.

The fact of the matter is that on May 1st of this year, our gold stock was still at the high level of $22 billion, and this was about 56% of the total of all gold in the free countries of the world, so that, despite the recent withdrawals, we have not gone through a period that should cause apprehension, although a good many economists say that the continued flow of gold is something to be watched, particularly as further inflation in the U.S. is something that we are not particularly anxious to invite. Any sizeable outflow of gold naturally reduces the reserve balances of the Federal Reserve Banks, which in turn reduces the amount of funds that commercial banks have available for loans and investments. In the past this was sometimes offset either by open market operations or by lowering of the reserve requirements for member banks. Just recently action of this kind was taken when reserve requirements were reduced, so that for the time being one should not view with alarm big gold withdrawals by other nations. Actually, the larger the gold reserve or dollar credits in the hands of free countries increases their ability to buy our goods. In the past our foreign trade has been hampered when several foreign nations had insufficient dollar exchange or gold on hand and were compelled to curtail their purchases from us.

Before our market opened this morning there was not too much to guide it. The Southwestern Miller reported that while Kansas City hard winter wheat premiums were 3 to 4¢ per bu lower yesterday, Gulf values tended to tighten. Country station prices in the Southwest dropped to the loan level or below and selling from first hands was reduced, averaging hardly 20% of the arrivals at most houses. Moisture in the Southwest was not heavy, so that harvesting operations were resumed on a broad scale in Kansas and Oklahoma, where grain was showing materially better protein average.

There was a little rain in our Northwest, but the amounts were not significant except at Jamestown, North Dakota, with .65 inches, but elsewhere it was lighter. Reports from Canada generally stress the possibility of a poor crop, and this refers not only to wheat, but also, to barley, oats, and flax. As for wheat, it will not be too important in view of the large carryover reserves.

Primary receipts of wheat were much smaller than yesterday and amounted to 1.1 million bu, which compared with 716,000 bu last week and 845,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 56,000 bu.

Wheat prices firmed after some early weakness and apparently mill buying against flour sales absorbed some of the hedges. Pressure on the whole was not great, and we heard that bids at nearly all points in Kansas were now under the loan price, so that farm selling was quite small. There will still have to be a substantial setback in premiums before elevators can afford to own any wheat. There are a few showers expected overnight and Thursday morning in Canada, but no real relief is yet in sight.

Soybeans continued weak and the CCC sold 805,000 bu through its Chicago Office. There was nothing much new in the weekly state reports but corn and soybean progress is still satisfactory. Some replanting of corn land to other crops may be necessary in Iowa where seed was drowned out. Rye, which had been so very weak yesterday, recovered a small part of its loss this morning, and we still feel that purchases can be made on setbacks.

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CHICAGO, 4

June 19, 1958

June is often a critical crop month in Canada. One could almost be in Australia and judge the size of prospective crops by receiving rainfall reports, provided, of course, other weather conditions were about normal. This has been a season when soil moisture deficiency occurred early, and, therefore, it was a foregone conclusion that unless propitious rains fell during the growing season, they would be faced with a poor crop. It seems to be turning out that way.

In Saskatchewan, the Province may be divided into two parts; the north and western sections are generally in pretty good shape, with conditions about average to slightly above, although moisture is only sufficient to carry crops for a week or ten days, so that good, general rains will be required very soon to maintain average conditions. The southern and eastern parts of Saskatchewan are definitely short of moisture and immediate rains are required as deterioration is already setting in. Manitoba yields the smallest of any of the Prairies but in that Province conditions are veryspotty. There are a few areas in the extreme north, as well as in the southeast, where conditions are good but in general crops are below average, and immediate moisture will be necessary tomaintain even present conditions. As for Alberta, the crop is generally all seeded and conditions are fair to good. Most areas have sufficient moisture to carry on for another week or ten days, with fairly good subsoil moisture throughout the Province. They have had the best break of any of the western Provinces; however, even there regular rains will be required in order to maintain conditions. There was some overnight precipitation reported in Canada but apparently itwas not enough to bring about any real recoveries, and markets in Winnipeg were firm this morning, indicating that this was the general view. The detailed weather reports showed the best rains in Alberta--as much as .29 in Saskatchewan and up to .39 inches in Manitoba. Most of the showers, however, were very light, ranging from a trace to only about one-tenth inch. If we assume that the yield of wheat in Canada will only reach a figure of about 250 million bu, it would still not be a calamity, and Canada will not be required to cut its exports for the reason that a carryover of some 600 to 650 million bu is in prospect.

Here at home we had more rains in the Southwest, which were not wanted, and some high winds at Garden City, Kansas, which probably did some damage, but in any event it is delaying the harvest. In our spring wheat territory there were some showers, which undoubtedly will be helpful. The heaviest rainfall was in St. Cloud, Minnesota, which reported 5/8 inch moisture. Fargo, Grand Forks and Jamestown also reported rains, but elsewhere amounts were rather light.

According to Broomhall, (who has revised his export figures on wheat), shipments of 5 million bu during the past week, brought the total to 371 million bu. This would indicate that for the season we may reach a figure in the neighborhood of 380 million bu. Our corn exports for the week were 2 1/2 million bu, and since October 1st they have totaled 128 million bu compared with 113 million a year ago. Clearances of rye since the beginning of the season have amounted to 3.2 million bu vs 10.2 million last season. We expect that under the subsidy program we will do a better job in the coming 12 months. The first estimate of the French wheat crop was made public; a yield of 393 million bu is forecast, which compares with 405 million bu last year, 209.2 million bu two years ago, and 380.8 million bu in 1955. Should the present crop come up to expectations, France will have wheat for export. Last season with a slightly bigger yield, the total exportable surplus of soft wheat amounted to about 142 million bu, half of which had been shipped out by mid-April, while today the balance left for export is quite small.

There was not much in the statistics but primary receipts of wheat are not improving much, probably due to the rainy condition in the Southwest. There was some buying of wheat early for mill account but later exporters and commission houses sold and on the decline March and May wheat sold at crop lows. Flour sales are almost entirely for spot on hard winter flour, but soft wheat mills are reporting some improvement for deferred shipment. July beans were higher and the deferred months were steady. CCC sold 1.3 million bu overnight. They seem to be mainly out of their Ohio and Indiana beans but still have an additional 1 1/2 million bu stored in Illinois warehouses. These are still for sale and a fairly large quantity is still available in Iowa where it is estimated that they might have over 25 million bu on hand. July corn was firm and country offerings have not improved much. An industry bought July oats.

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CHICAGO, 4 June 20, 1958

Mr. Eisenhower in a recent address took cognizance of the need for improving the federal tax structure, so that it will interfere as little as possible with sound economic growth. At the same time he warned that revision of the tax structure should by no means be the subject of political competition. It seems quite obvious that the President does not believe that this is an appropriate time for any material revision in taxes, and he is supported in this by the Democratic leadership of the House. It was rather surprising when the Senate late yesterday voted to eliminate a 3% freight transportation tax and in another roll call vote this body voted to kill the 10% tax on passenger travel. Fears were expressed that the break in the tax barrier might lead to a flood of similar proposals.

It is, of course, true that any appreciable downward revision in tax returns will necessarily cause an immediate reduction in revenues, but there is substantial evidence from the history of tax relief measures, particularly with respect to income taxes, that the initial revenue loss is soon made up by an increase in the tax base against which the lower rates are charged. There is evidence of this not only in our own experience but also in the experience of such countries as Canada, Western Germany, and Austria, each of which has enacted several tax relief measures in the post-World War II period. We have had experience in our country when American taxpayers were given relief six times during the past 25 years. Reductions took place in 1924, 1925, 1929, 1946, 1948, and 1954. The sole instance during this period when the estimated revenue loss from a tax cut was not quickly regained was the reduction in 1948. We have before us figures for the other years just mentioned, and it is quite astounding how the general business prospered when relief was granted and general trade flourished under the stimulus of fewer burdens placed upon business or individuals. Even in the case of corporations taxes tended to rise when tax cuts were put into effect. We have little doubt that there will be an improvement in travel, and in transportation if these reductions are finally made effective. The record of tax reductions and subsequent revenue growth in Canada is similar to our experience except that it is even more striking than ours because of the frequency of their tax cuts since World War II. In each of the five fiscal years, 1946 through 1950, Canadian taxes were reduced with four of the reductions amounting to more than 10% of prior year revenues. Nevertheless, total revenues remained at a remarkably stable level, with only modest variations from year to year.

Crop reports from Canada are becoming more pessimistic except for the Province of Alberta, where conditions are being maintained. One of our good friends and a close observer remarked this morning that we must come to the conclusion that on over approximately two-thirds of the acreage in Western Canada crop conditions have become critical. During the past week temperatures were again below normal, which has saved the situation, but this party believes that, inasmuch as the intermittent showers had been mostly light, they have provided very little relief. Under such conditions, crops do not develop favorably. As we have mentioned before wheat is not as important as flax, oats, barley, and rye for the reason that the Canadian carryover reserves of wheat are still very large. In our Northwest overnight showers were rather light, but there was more rain in the Southwest where it was not wanted and the weather map there is still quite unsettled.

Primary receipts of wheat were light at around the million-bushel mark. When the visible supply is posted on Monday, it will compare with an increase last year of 2.5 million bu.

Trade was very light, and in wheat it may have been that everyone was cautious prior to the results of today's referendum vote. We have little doubt that it will pass. Last year 86.2% of the farmers voted in favor against a requirement of two-thirds. The year before 87.4% of the farmers voted favorably and the year before that 77.5% voted affirmatively. It is doubtful whether there will be too much response marketwise if farmers do the same this year. Further mill buying this morning and less selling from commission houses gave us firmness in wheat.

Beans were finally higher although the Chicago CCC Office sold 1 3/4 million bu overnight. There was also talk that one of the Chicago elevators must have bought a sizeable quantity, probably 1/2 million bu of soybeans located in their own elevator. Rye was stronger on news from Canada.

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CHICAGO, 4

June 23rd, 1958

After many years of satisfactory crop production, we often take things pretty much for granted. Canada has been fortunate in that she was able to produce large crops of wheat, barley, oats, and flax, and thus provide an export market, which has been very helpful in building up industry at home. At the present time, more than one-half of the western 70 million cultivated acres are affected by a drought, which indicates serious crop losses through the Prairie Provinces. Hay crops in some areas are already reported almost beyond help. Many people have forgotten the period during the early 30's when for five consecutive years conditions were so bad that many scores of farm families left the district and gave up farming as a profession. It is true that cool weather during the past three weeks and a supply of subsoil moisture, especially on heavy and summer-fallowed land have helped to carry crops through the spring drought. But they have now reached a period when only a general, penetrating rain almost immediately can avert a farming tragedy. Rainfall to-date has been negligible and the impact is being felt first on pastures and ranges. Cattlemen are apprehensive about hay and fodder supplies this winter, despite the bountiful cropsthat have been raised in previous seasons. The thing that causes so much alarm is the extent of the drought. Canada is a country as great in width as the U. S. and very often if rains do not fall over one section of the country, there is at least some relief elsewhere. This year there must have been 25 million acres or more right in the heart of the Prairie lands that are feeling the pinch, and this is the most productive wheat land on this Continent. Even if there should be good, general rains now , it might be too late for most hay crops, which are in extremely poor condition, although alfalfa and clover would be aided by timely moisture.

With only scattered light moisture over the week-end, there was not much optimism although it is still thought that farm lands in most of Alberta and parts of northwest Saskatchewan still hold promise of a fairly good harvest, but generally speaking, crops are well below normal, and chances for even an average yield appear doubtful.

All this is not having too muchinfluence on our markets. We are, however, having our own weather conditions, which are certainly not favorable, and in this connection we are speaking of the southwestern wheat area where heavy rains fell again over the week-end and harvesting operations are being further curtailed. This is having quite an influence on cash wheat markets owing to the fact that so much of the carryover was in government hands. In our Northwest there were some scattered showers, the heaviest around Rochester, Minnesota and Bismarck, North Dakota. Most of the precipitation, however, was light in character.

The referendum vote taken on Friday was 83. 7% favorable, which means that the wheat program will continue next season in about the same form as at present. In other words, there will be a 75% of parityloan instead of a slash to $1. 20 had there not been the two-thirds majority. There was no surprise as any rejection of tight proposed curbs would have been a serious setback to farmers.

Chicago wheat stocks during the week decreased 175, 000 bu, leaving 3. 1 million bu here, a large part of which is government-owned. Local corn stocks declined 802, 000 bu and there was very little change in the rye stocks, although bonded holdings increased 482, 000 bu to 2. 3 million bu. There was very little change in beans and we still have nearly 7 1/2 million bu here.

The wheat market was rather firm during the early part of the session with some mill buying noted, and even in southern Illinois some people believe that there will be very little harvesting before July 4th because many fields are still quite wet. In any case, during the last hour of trade, local selling, together with that of a commission house, took the edge off the market. There was steady liquidation in rye and we had one report from Winnipeg that in a small district the crop looked very good and that they had heavy rains yesterday. We are sure, however, that this condition is not at all general. Soybeans firmed early on the strength in the meal market, but there was a little profit-taking before the end of the session. The Chicago CCC Office sold 744, 000 bu beans over the week-end but apparently this did not have much influence pricewise.

The cash market in corn was again firm, which had some influence on old crop futures, and this in turn prevented much weakness in new crop deliveries. An economist at the University of Illinois believes that the tight corn situation of the past three months might be easing even though there is no appreciable increase in farm marketings.

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CHICAGO, 4 June 24, 1958

There was not any appreciable amount of rain overnight in the southwestern winter wheat belt, but the map is still unsettled, and some precipitation is forecast for tonight or tomorrow. In the meantime farmers have been gathering their grain in those districts where machines can get into the field. We note that the visible supply during the week showed a big increase, which is always an indication that progress is being made. We received some reports this morning from Kansas that harvesting operations were resumed yesterday, although this was by no means general. It is rather difficult to get adequate information on the amounts of wheat being sold. However, there seems to be a situation where the country elevators are willing to accept wheat for storage if it is reasonably dry, but in other cases they generally turn it down and accept it only if it is for sale. Thus it is not easy at this date to try to forecast how much will go into the loan except that farmers are desirous of holding their wheat whenever it is possible, and we have not changed our opinion that the loan entries this season will still be large.

In Canada the weather map is unseasonably cold over the eastern prairies, although light showers and snow were received in some districts. Part of Manitoba registered an all-time low for the season at 34 degrees, and a frost was reported around Prince Albert and at Winnipeg, although temperatures seem to be moderating in Alberta. The Free Press spoke of steadily worsening conditions and that during the final week of June the crop in the eastern Prairies was dying of thirst. Some agricultural officials in Manitoba predicted that they would have just half a crop unless adequate, widespread rains were received by Friday. The crop would be even worse than that if no satisfactory rainfall should come during the next ten days. Saskatchewan's Deputy Minister of Agriculture, in discussing his Province, said that they could not produce an average crop even if the rains came at once.

In our Northwest we seem to be faring a little better. There were some light showers overnight and during the week frequent showers fell but the northern areas were pretty well missed. One of our friends tells us that it is quite surprising how the total of intermittent but light showers have showed up on the weather map. In some areas this has been beneficial but there is an exception, particularly for the northern third of North Dakota where temperatures have continued below normal, and actually set record lows almost daily during the past week. He feels that the northern third of North Dakota is in poor condition right now, and that the same is true of northeastern Montana. The central third of North Dakota may be classed as being in poor to fair condition and running up to good in the eastern areas, while the southern third could be classed as fair to good. Crops in southern Montana have made a fair comeback since the rains, but unfortunately spring crops were badly hurt before moisture was received, and the crops at best will be short. Nevertheless, southern Montana is said to be in fair shape at the present time and the central part of the state is good. Reports would indicate that spring wheat is heading as far north as the Canadian border. However, the stand is thin while the straw is short, and so are the heads. As of this date the prospect seems to be somewhat below normal.

We had some liquidation right after the tap of the bell with all wheat futures except the July going into new low ground for the season. The fact that hard winter premiums in the Southwest were unchanged to 4¢ a bu lower yesterday had a bearing on sentiment and not much attention was paid to a report that USDA had allocated $57 million to India for the purchase of grains, of which 570,000 metric tons would comprise wheat and 100,000 metric tons for each corn and sorghums, payment to be made on basis of Indian currency.

There is still not much pick-up in the primary movement of wheat, and we noted today that there was further mill buying. The pattern was a little different and some of the purchases came through commission houses and not by the various mills themselves which was the case in recent days. The selling in wheat was well absorbed and hard winter bakery flour sales are reported to be in good volume, but still mostly for quick shipment. The free stocks of both wheat and corn in Chicago are down to about half a million bu. The spot corn market sold as high as 6 1/2¢ over the July future but the demand is not keen. Nevertheless the old crop futures of corn were very firm. CCC offices both in Minneapolis and Chicago sold fair amounts of beans. Meal was weaker on futures but almost steady for spot. The bean market was not much changed. Rye recovered to close higher.

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CHICAGO, 4 June 25, 1958

There were again very heavy rains in the Southwest, but mainly in Kansas. Temperatures are mostly low for this season of the year, and, in fact, the Hutchinson reading of 48 degrees was an all-time low for June. Precipitation ran up to 2 inches in central parts of the state, and in one or two places even this amount was exceeded. The weather map is still unsettled, which means that harvesting operations are going to be further retarded. The Kansas weekly report states that by June 21st only 8% of the crop in that state had been harvested. Wheat ripened slowly under favorable filling weather conditions, although some additional lodging andhail damage resulted from the storms. They say that in about a dozen western counties, prospects fell sharply as heads blasted by drying winds in early June failed to fill properly. In contrast to this, conditions in central and south central sections of the state were very favorable, and manyhigh yields had been reported from already harvested fields.

We still look for a very large winter wheat crop, and under ordinary conditions this would naturally have a bearish impact on the market. The only offset this year is the artificial situation created by the loan, which in our opinion will finally tie up large quantities, although admittedly the loan entries will be smaller if wet weather continues and wheat is not safely storable. That, of course, would put larger quantities into the free market. A good many people are making their calculations mainly on the relationship between the market and the loan. Some argue that in past seasons cash wheat sold much more than 20¢ per bu under the loan price, (whenloans were higher) and that with the big crops we are raising this season, the market should not stop when the cash price is 20 to 25¢ below the reduced loan. From the farmer's point of view, he makes the comparison with what he could get for his wheat, not only based on the loan price, but also, looks at the actual price that he gets as compared with other years. Cash wheat in Kansas City yesterday fell to the lowest level since the OPA days of 1946. No. 2 ordinary hard wheat was quoted at Kansas City at $1.85 1/2 a bu, whereas a year earlier it sold at $2.21 1/4. Should the premium basis adjust more toward the July price in that market, wheat would be selling about 40¢ less than it did a year ago, and certainly at that figure there would be great reluctance on part of farmers to liquidate if there were any chance of obtaining a loan. Farmers also compare the price with just a few weeks ago, when due to an artificial situation,wheat was bringing a premium of 50¢ a bu over the July futures price. At that time the premium was the largest in about ten years, and, of course, it was too good to remain a reality. Nevertheless, low prices will be a deterrent to farmers in marketing this year's crop.

We had some showers in the Northwest but nothing of any consequence in the important crop areas. CCC Chicago office continues to sell soybeans and overnight about 1/2 million bu were liquidated, of which approximately half came from Illinois and Iowa, and minor amounts from Indiana and Michigan.

Our wheat market opened firm to higher, influenced by yesterday's action, and reports that the whole state of Kansas had received a good deal of rain last night, which was accompanied by high winds in some sections. This will not only hold up harvest for a few days, but no doubt will cause some damage.

Primary receipts of wheat were 1.2 million bu, which was just a little more than both last week and last year. Kansas City and Minneapolis stocks show a net increase of 65,000 bu for the first three days of the week.

The wheat market was not as active as during recent sessions, and weakness was not pronounced as there was again a little mill demand for wheat that came from the Northwest, but support was not as heavy as recently. Canadian weather showed 1/4 to 1/2 inch of rain in southern Manitoba, but no precipitation occurred elsewhere in the Prairies. The forecast is for cloudy and clearing skies by evening and a little warmer tomorrow. Wet weather over the Corn Belt is wonderful in moderation, but they seem to be getting more than is needed, and we believe that some of the corn buying today in new-crop futures was for this reason. Old-crop months were higher, but even this is not attracting much corn to our market. The Iowa weekly report stated that the crop is generally in good to excellent condition, although stands are uneven in many fields, and tonight temperatrues may go down to 38 degrees. Beans were a little higher and CCC selling from nearby points is on a diminishing scale, and most of the government holdings appear to be west of here.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 June 26, 1958

There appears to be little likelihood of House approval of the agricultural legislation as now written. Present prospects are that the House will make some major changes in the measure. Secretary Benson has hinted that in its present form it would receive Presidential veto, and on the other hand he has given the administration's blessing to farm legislation approved by the Senate Agriculture Committee. Rep. Cooley's Committee has submitted a report pointing out some of the very bearish situations in agriculture and the reasons for the House version of trying to improve agricultural price levels. He made the following statement: "Feed grain stocks have been increasing for 5 consecutive years. Another 400 to 500 million bushels of corn or its equivalent in other feed grains from the 1957 crop will be added to the carryover this fall. Even if no feed grains were produced this year, there is sufficient on hand to feed out the usual pig crop in 1959 with enough left over for allthe dairy cows, horses and sheep in the United States for a full year." The Committee's charge is that with the large backlog of feed grains and current production trends, unless a modernized program is adopted, corn and hog producers may expect prices averaging perhaps no higher than 50 to 60% of parity during the next few years. They point out further that despite severe acreage allotments and the Soil Bank acreage reserve program, wheat producers are expected to produce the third largest crop on record largely because of favorable weather. In their opinion it is possible that the wheat carryover at the end of the 1958-59 marketing season will establish a new record.

Before our market opened this morning we had the Canadian weekly telegraphic report, calling attention to prospects that were only fair to poor over wide areas of Manitoba and Saskatchewan and in some eastern and northern sections of Alberta. There was no moisture overnight and thus the crop outlook for that country remains poor. In our Southwest clearing conditions have set in and there is not much rain expected, although a few showers are likely.

In Broomhall's compilation of weekly wheat and flour shipments only 3 million bu was cleared, which brings the total for the season to 377.6 million vs. 528 million a year ago. Broomhall sometimes lags a little behind official figures, so that it is reasonable to expect that total exports for the season may be somewhere in the neighborhood of 385 million bu. U. S. corn exports for the week dropped to 667,000 bu, but since October 1st we have cleared nearly 130 million bu vs. 116 million a year ago. New York reported that CCC had granted subsidies on 250,000 bu corn for June-July shipment at both Gulf and Atlantic ports, and 100,000 bu corn for October-November shipment at a subsidy of 13¢. The governmental agency sold 440,000 bu milo at $1.85 Gulf. Chicago CCC office sold 405,000 bu beans, but apparently sales are on a somewhat smaller scale than recently, and as they point out most of their holdings are in Iowa. USDA in its monthly "Outlook Digest" believes that the carryover supply of wheat on July 1st will be around 900 million bu. They are counting on a domestic consumption of 585 million bu and total exports of 390 million bu. Some people believe that there may be a small reduction in the next winter wheat estimate. In the June report the crop was officially placed at a record high of 1,069 million bu, which was 51% more than last year and 26% above average. Thus it is obvious that a slight setback would not be at all serious.

Primary receipts of wheat today were a little heavier and amounted to nearly 2 million bu, which compares with 1.2 million bu last week, and 1.6 million last year. Kansas City and Minneapolis stocks so far this week show a total increase of 75,000 bu.

Trade was quiet during most of the session, but except for a little weakness early, the wheat market had a rather firm undertone. There was no particular news, although the Searle moisture report fromWinnipeg confirmed the dry situation in the Provinces, showing Alberta 53% vs 69% last year, Saskatchewan moisture during the growing season was 40% vs 69 a year ago, and Manitoba only 35% vs 101% last season. Lack of pressure and mill buying were probably the main factors.

Corn was not strong, although there were some fairly good buying orders by firms with export connections, which may have been against the sale to Mexico of 100,000 tons. Iowa corn is offered more freely. Beans were more or less neglected with the deferred months a little more in demand than July.

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CHICAGO, 4

June 27, 1958

The omnibus farm bill that was up before the House was rejected late yesterday, thus handing the administration a major victory. Many of the phases that had been offensive to Secretary Benson were contained in that bill, and, therefore, its rejection will probably mean that the various agricultural committees will try to bring out another bill that will be more in line with administration's policy and aims. The Secretary has termed the Senate version as more acceptable, and under its terms they have been going on the theory that lower supports should gradually be enacted in order to prevent further heavy accumulations, which have been growing by leaps and bounds during the past four or five years. Mr. Benson described yesterday's action as a vote of confidence in his efforts to change some of the basic farm laws.

There was no change in the general run of news. The Canadian forecast indicated only possible showers and crops in that country can only be fair at best, since June and July are the critical months; thus far, moisture conditions have been far below normal. In the winter wheat areas, where dry weather was wanted, they seem to be getting clear skies and the forecast is only for widely scattered showers, which does not necessarily indicate any heavy precipitation. Therefore, it is likely that harvesting operations will soon get under way again after a moderate delay in field work. It was likewise mostly clear in our spring wheat areas, with temperatures a little more moderate, but conditions on this side of the international border have been somewhat better than in Canada.

In the weekly report of the Quaker Oats Company, they stress the need of less rain and more sunshine in all of the heavy producing corn and soybean states. Apparently this is what we are going to get over the week-end. Farmers have been unable to cultivate their fields, which have been growing weedy. Growth has also been retarded, and a large percentage of acreage shows rather poor color. It is pointed out, however, that a change in weather would correct this in very short order. The drowned-out acreages in Illinois, Indiana, and Ohio have not had a chance to dry out yet and thus there has been no opportunity for replanting. At best some of these fields will be planted to soybeans, weather permitting. In the survey by this Company, covering Indiana and Illinois, they found prospects for oats the best since the record crops of 1955 when Indiana, for example, produced 51 bu per acre and Illinois had yields of 56 bu. Winnipeg reported that 385,000 bu oats were being shipped to Buffalo today.

CCC granted subsidies on over 1.3 million bu corn and sold 552,000 bu barley to exporters in addition to 600,000 bu No. 2 rye and smaller quantities of oats and milo.

The Census Report showed smaller supplies of both crude soybean oil as well as crude, refined cottonseed oil on hand in May than for April. However, this was not much of a market factor.

Yesterday, there was a violent slump in hard wheat premiums for ordinary wheat in Kansas City, with a drop of as much as 9¢ per bu for some grades. With clear weather now prevailing over the entire Southwest, resumption of harvest within the next few days has probably been responsible for the readjustment.

Primary receipts of wheat were a little heavier, but there was no importance to statistics otherwise. When the visible is posted on Monday it will compare with an increase in wheat last year of about 3 million bu.

We had a strong market in wheat, and there was considerable flour business going through, which meant hedge covering both at Kansas City and here. The carrying charge at Kansas City is widening between their July and September. This is due to the fact that there appears to be little outlet for ordinary type of wheat that may be delivered. This being the case we feel strongly that Kansas City September wheat should go to a wider discount under Chicago. Hedging pressure was relatively light, and nobody knows how long storage will be obtainable. New capacity Southwest is large, but the crop in that area is around 300 million bu larger than last year. The spot corn market was 4 1/2¢ over July, but offerings from Iowa were again liberal, and we understand that a good volume of business was done. Ordinarily this is not the time of year when we get sharp breaks in new-crop corn futures, and many traders prefer to wait until about August 8th before selling. Beans were without much feature.

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June 30, 1958

Today marks the last day of the 1957-58 wheat crop season. We shall not have an official estimate of old crop wheat stocks until July 24th, but USDA figures there should be about 890 million bu on hand, in which case it would be 146 million buless than the record in 1955 but only 19 million bu below a year ago. Using the June production figures of USDA, it is nowestimated that there willbe a record of 2,166 million bu available for all purposes during the next 12 months. This is 16% above the 1,866 million bu a year earlier, and 6% above the previous record in 1956-57. The larger crop accounts for most of the increase owing to the fact that the carryover is not much changed. Domestic disappearance for 1958-59 is now estimated at 593 million bu, and exports are assumed at 375 million bu, although some of the people in the trade are a bit dubious that we shall have that much success in shipping our wheat abroad during the coming year. Even the government points out that favorable crop prospects exist in Europe and, of course, the last official estimate of the French crop showed nearly 400 million bu, which should again place that country in the export column. Assuming that the Agriculture figures are correct, it would leave us with a carryover of 1,200 million bu one year hence, and this would be a new high record and over 300 million bu above the estimated reserve this July.

Washington officials are not too optimistic over the returns to farmers, particularly prices early in the season. In their DEMAND AND PRICE SITUATION, they say the following:"Prices of wheat probably will decline more than the usual amount around harvest time because of the large crop relative to domestic use and exports, the reduction in the support rate and the unusually large production on farms not eligible for price support." Support for the 1958 crop will probably be adjusted upward a few cents from the advance minimum rate announced at $1.78 because of an increase in the parity price. Yet it will compare with last year's support price of $2.00 a bu; therefore, farmers will be getting much less for their wheat this season than last, but, of course, the winter wheat crop, if it reaches a record total of 1,069 million bu, would be 50% larger than the 707 million bu produced in 1957, so that actually farmers, based on total returns, would be better off. The winter wheat indicated yield of 24.3 bu per seeded acre is the highest on record by a wide margin. In the WHEAT SITUATION it is said that, as in recent years, prices are expected to strengthen after the heavy movement slackens following harvest.

There were some rains in our Northwest over the week-end and likewise there was some nice moisture in Alberta, but not much fell in the other two Prairie Provinces. Nevertheless, our market opened lower, and we were advised that flour business had fallen flat Friday after the close. Furthermore, they had ideal harvesting weather in the Southwest and big strides were made toward gathering the wheat. There were large amounts that were brought to Kansas City at a price of around $1.75 to $1.76, basis Kansas City, and there seemed to be a further widening in the carrying charge-spreads down there, which also had some influence on our market.

Chicago wheat stocks declined 207,000 bu, leaving 2.9 million bu here, of which the smallest part is free wheat. Corn stocks increased 45,000 bu bringing the total to 21.2 million, and there again there is very little free corn here. Rye showed a small decrease but beans increased 169,000 bu to a total of 7.6 million.

Wheat was very weak and it took its cue from Kansas City where harvesting conditions had been perfect over the week-end. Many fields were reported yielding 30 bu per acre or more, which, of course, gives the producer a good income on his land. Some of the space is filling up rapidly and we saw a report from Great Bend, Kansas, that all storage in that town was filled with the crop only 25% harvested. They were getting more pressure while at the same time flour business over the week-end had been keenly disappointing, and it seemed to have ended abruptly on Friday. Ordinary one hard wheat at Kansas City sold at 5¢ under their July.

Other grains were mostly lower in sympathy with the leading cereal although oats held fairly well, and apparently they are affected by the rather poor crop outlook in Canada, which may cut down imports and create a better demand in eastern markets for domestic supplies. Rye was off in sympathy with wheat, and beans also yielded some ground, as growing weather over the week-end was almost perfect.

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CHICAGO, 4 July 1, 1958

Today the new export program will start whereby payment-in-kind can be made against shipments of barley, grain sorghums, oats, and rye. It will be the same as the revised corn export program which has been operating since May 12th. Exporters submit their bids of an export payment rate incents per bushel(hundredweight for grain sorghums) and quantities to be exported. The submission must also include oneof three time periods in which exports are to be made. For July, these time periods will be July-August, September-October, and November-December. The bid should also include the general area of export. In our opinion this will be helpful in the sale of these commodities, and particularly apt to benefit rye materially if the subsidy is high enough to meet competition from other countries. Actually, there was some rye sold by Commodity Credit Corporation to exporters just prior to the inauguration of the new program and 250,000 bu was sold, track Baltimore at $1.26 5/8. There was also a big sale of milo and 1 1/2 million bu of oats, while corn sales granted under the subsidy were also quite heavy, totaling about a million bu.

Before our market opened we heard that terminal elevators were affected by a strike in greater Kansas City, and this is said to tie up allbut one terminal elevator in that area. The trade construed this as being a little bearish since it might divert wheat to other localities. Apparently, the cash market at Kansas City yesterday was already weak as few concerns were bidding with the possibility that cars could not be unloaded. The trade has also been influenced by the bearish statistical figures in connection with wheat supplies, and some of the distribution factors, as for example smaller exports that are counted on during the coming 12 months. As we mentioned yesterday, total domestic supplies of wheat this year without any imports from Canada will amount to about 2,161 million bu; this compares with 1,856 million bu last year and 2,038 million bu two years ago. When the loan program started in 1938, we were working with a total supply figure of only 1,073 million bu, and since that time with but two exceptions there has been an increase each year, indicating how these accumulations have mounted. On the other side of the picture, of course, is the loan, and, of course, it is too early at this time to tell how much wheat may be placed under support, but we are certain of one thing--that it will be a much larger figure than the 256 million bu that went under loan last season. The highest amount ever to go under support was in 1953 when there was 557 million bu in the loan. That figure, too, has risen steadily from 85.7 million bu in 1938 when the program first started, although it was larger or smaller depending upon the price.

Strangely enough, if one looks at a chart showing the correlation between the loan rate and the Kansas City market price, the comparison of the two lines shows a very close similarity although around harvest time prices are generally at the biggest discount under the loan, but for the marketing year as a whole the weighted average price demonstrates rather clearly that the loan prevents the market from getting too far out of line. For this reason USDA believes that prices should strengthen after the heavy movement slackens, but they too, say that considerable quantities of excess wheat may be marketed, although many farmers may choose to store it under provisions of the program instead of paying the penalty.

Primary receipts of wheat were a little heavier and amounted to 3.1 million bu, which was more than twice as much as both last week and last year. Kansas City and Minneapolis stocks so far this week show a total increase of 159,000 bu. The visible supply, which was late in being posted yesterday, showed an increase of nearly 17 million bu. Present stocks are 23 1/2 million bu larger than last season, and this plus the strike at Kansas City, had a little bearish impact on the market.

New lows were made quite generally, although there was some recovery from the extreme lows of the day. Flour business was light, and the setback in wheat did not encourage new buying. Chicago stocks of free wheat have declined to 365,000 bu. Corn was very steady, the July future having been bought by locals and some commission houses. Beans also did a little better but there was no spirited buying. The government Weekly Grain and Crop Report spoke of some damage from excessive water in low spots, but recent rains in Texas were beneficial, and generally speaking there was nothing new or sensational in the report. Canada celebrated Dominion Day.

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CHICAGO, 4 July 2, 1958

Tomorrow we shall have an estimate of the wheat crop by a private expert but there is no reason to believe that there will be much of a change in winter wheat since the June figures were officially compiled. As a matter of fact, all states expect above average yields except Wisconsin, Mississippi, and Louisiana, and these are minor in comparison with the important wheat lands. In June the government gave us an indicated yield of 24.3 bu per seeded acre. Not only is this the best we have ever had, but it is one-half more than the ten-year average of 15.9 bu. It is another indication of what we can expect when moisture conditions are good and technological factors are fully utilized.

The heavy production is in Kansas, Oklahoma, Colorado, Nebraska, Illinois and Missouri, and most of the increases that have occurred since May 1st were in those areas. Thus it is easily understood why we should have some pressure in spite of the fact that there is a great desire on part of farmers to either accept the loan or to take storage. It is all to his advantage to do so, owing to the fact that the average mid-June wheat price of $1.70 per bu was the lowest since May, 1946. New crop wheat was moving to market in volume by mid-June in the southern winter wheat areas where prices had declined sharply, although for a time they were at an artificial level due to the impact of the loan and the manner in which impoundings had created a scarcity of cash wheat prior to the arrival of new supplies. Actually the bulk of the carryover now estimated at about 890 million bu was again held by CCC. For several years we have been very dependent on new arrivals, and therefore, when the crop is a little late in being gathered, it naturally has more than the usual influence on the market for at least a short period. The average price received by farmers in mid-May was $1.93, while a year earlier it stood at $1.98. Thus we already have a seasonal downward adjustment, and it remains to be seen whether additional pressure will carry it further. The 1958 advance minimum loan was $1.78, but the Department of Agriculture announced that because of an increase in the wheat parity price, national average farm support to producers will be raised to $1.82 per bu, or an increase of 4¢.

The terminal elevator employees are still on strike at Kansas City, but as yet there is no embargo at that point. 16 elevators in that district are affected by the walkout and if the dispute is not settled soon, there may be an embargo declared.

The outlook is for some scattered showers Southwest, while the 5-day outlook anticipates as much as 1/2 inch to 1 inch of rain, and there will probably be 1/4 to 1/2 inch in the Dakotas if the prediction comes true. There was very little rain in Canada over the holiday, although there were some falls in Alberta and in Northern Saskatchewan. The bulk of the territory, however, was without relief, and the forecast is for some warm, dry weather today and tomorrow. The Saskatchewan Pool Elevator reduced their condition sharply for coarse grains and it has been the poor outlook for oats in that country which recently affected our market.

The Chicago CCC Office sold only 107,000 bu soybeans, the bulk of which came from Illinois and a small amount from Indiana. Of passing interest is the durum crop estimated at only 16.1 million bu compared with 40 million last year, and the 10-year average of 30 million. However, government officials agree that it should be more than enough to meet domestic requirements. This year's acreage is only half as large as a year ago and is the smallest on record.

Primary receipts of wheat were 3.6 million bu, which was almost three times as large as last week and compared with a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 466,000 bu.

Our market turned strong mainly on mill buying, and a sharp advance at Kansas City where mills also bought, but there was little hedging there due to the strike. However, the mills are all operating. An elevator company seemed to be hedging against purchases in St. Louis. Corn in Iowa was said to be in good to excellent condition, and in Minnesota corn and soybeans are making rapid gains. However, in Illinois the general condition has declined for the third consecutive week to below normal, but is still ahead of last year. Soybean condition also declined slightly, but is far ahead of last year. In Nebraska, corn is close to knee high on the average. The spot market in corn was a shade easier, and we heard that corn was still coming from Iowa to Chicago at about $1.38 1/2 delivered.

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CHICAGO, 4 July 3, 1958

Twenty-two years ago the capital funds of CCC totaled $100 million; today CCC not only has those funds, but in addition has a borrowing authority of $14.5 billion--145 times as much as in 1936. That tells the story of how government has moved in. When CCC begins to run out of money, either its notes are cancelled or its borrowing authority is extended. Through such steady growth the Commodity Credit Corporation is today the second largest corporation in the world, exceeded only by the Federal Reserve Bank of N. Y. During the past five years, it has lost about $4.1 billion, the bulk of which has been dissipated through the Surplus Disposal Program. This represents realized losses but there may be further losses when some of the present holdings are sold. As of May 31st, investment of the Commodity Credit Corporation in price-support programs amounted to $7.1 billion. This was a reduction of $481 million from the year before, which shows that in spite of the accumulations, there has been a fair amount of liquidation during the period.

The Galvin report was circulated shortly after the opening and made the winter wheat crop 1,100.2 million bu, and the spring wheat crop 212.9 million bu, which was an increase in both categories of 42.4 million bu. If the present promise finds fulfillment, it will give us an over-all production of 1,313 million bu, the second largest crop of record, having been exceeded only in 1947, when we raised 1,358 million bu. As for corn, the expert gave the condition at 84% of normal, which was higher than last season at this time but forecast a crop of only 3,218 million bu compared with 3,402 million in 1957. The oat crop was estimated at 1,244 million bu, which would be a little smaller than last season, and likewise less than the ten-year average. Soybean production was estimated at 485 million bu, which compared with last year's figure ofnearly 480 million bu.

There were some very heavy rains overnight in Iowa, northern Illinois, and parts of Kansas, with a rather unsettled map. Huron, South Dakota had more than 2 inches rain, but moisture in North Dakota was mainly on the light side. There is, however, an unsettled condition for those areas and more rain will probably visit the winter wheat belt as well.

We had a report early from Kansas City that on the prospect of a settlement in the elevator strike there was more aggressive buying, but, of course, the rains may cause further delay in harvesting operations. The Missouri weekly bulletin stated that only about 12% had been cut and that wet weather was creating some handicaps.

Galvin increased his estimate for Kansas to 266 million bu and indicated that Oklahoma might raise 105 million bu, and Texas 75 million, but we note that he adhered to his figure of 53 million bu for Illinois, which was quite a little less than the official prediction.

Broomhall's Foreign Crop Summary told of heavy rains in many western and central sections of Europe, which had increased concern as there might be some lodging, root rot, or rust. However, thus far there have been no attempts to evaluate the extent of damage but the impression is that there will be some moderate reductions from earlier figures. At the present time growth and sunshine would be beneficial both in France and in Western Germany where wet weather has caused lodging of barley and wheat. It remains warm and dry in Italy and crops in that country continue to make good headway.

Primary receipts of wheat were 3.6 million bu compared with nearly 2 million bu last week and a holiday last year. Kansas City and Minneapolis stocks so far this week show a total increase of 646,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 4 million bu.

Wheat was firm at the start, probably in sympathy with Kansas City. That market held better than we did, but selling here carried prices to within fractions of the previous lows for the season. Flour trade is slow after the heavy business earlier in the week. There was a little hedging here but volume was not big. Deliveries of about 100,000 bu of corn had a bearish influence on July, but new-crop months were higher. The CCC offices at both Minneapolis and Chicago have sold a total of 18 3/4 million bu of beans since June 1st. Nearby months of beans were higher, but the deferred months were little affected. There was practically no moisture in western Canada, and their markets were all firm to very strong.

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CHICAGO, 4 July 7, 1958

Prior to last Saturday, Kansas and the surrounding areas had enjoyed ideal harvesting weather. With record supplies, wheat prices in the Southwest dropped 9 to 10¢ at Kansas City last week and the values touched the lowest point since 1946. Cash wheat had been weak in most markets, and there was a break of 6 to 11¢ at Fort Worth and as much as 17 to 22¢ at Toledo, Ohio. Here at Chicago the decline was only a few cents per bushel. Nevertheless, the readjustments have come quickly, and it is seldom that combining is spread over such a wide belt at the same time. Strangely enough the moisture of wheat at the southwestern markets was quite dry, and this was a surprise as many had predicted that there would be a good deal of wheat with a liberal percentage of moisture content. One party explained it in this way. He said that while the rains had been heavy, the heads seemed to dry out before the machinery could get into the fields and thus by the time wheat was cut it seemed to have dried out quite satisfactorily. On the other hand, there was an unusually large percentage of ordinary and low protein wheat, which is the type that so often finds its way on delivery of futures contracts, and this, of course, created more pressure on markets than would otherwise have been the case.

Over the holiday there were very heavy rains in the Southwest. For example, there was nearly 3 inches at Norton, Kansas, and in the Garden City area they had moisture that ranged from 2 to 5 inches. Hutchinson, which is more in the center part of the state, had over 5 inches of rain over theperiod. There is no question therefore but that the harvest will again be interrupted and farm work generally will be delayed. Kansas City reported that the strike had been settled and the men are back at work following a 4 day dispute. Approximately 5,000 cars of wheat had accumulated in the railroad yards at Kansas City, and so it will take a few days to get the tracks cleaned up, but meanwhile the arrivals from the country will probably lessen due to the last rains. Flour business this morning was quite flat following a good deal of activity last Friday. There were some good rains over all of our Northwest states. Good rains fell in Manitoba but not much in the two other Prairie Provinces. Since last April to the end of June, Manitoba had only had 2.67 inches of rain compared to more than 6 inches normally. Saskatchewan had 2.30 inches of rain during this quarterly period compared to 5.27 the normal. Alberta fared a little better, having had 3.86 inches of moisture vs 5.21 inches normal. Thus, they could hardly expect to have good crops inthat country, and Canadian official advices from Ottawa have confirmed the disastrous crop situation both in Manitoba and Saskatchewan. Furthermore, the Canadian Wheat Board from its questionnaires claims that the supplies of oats on farms are much less than had been expected earlier in the season. Any shortage up there is bound to have some influence on our oats since many feeders in the New England states often import the Canadian varieties and will probably be more dependent this year on American stocks. Furthermore, our supply is not expected to be any larger than a year's domestic requirements.

Here in Chicago wheat receipts were 325 cars. Only a few were directed to CCC. Apparently, a good share came from a local area including southern Indiana, etc. There is also a fair amount of hard wheat from the Southwest and a little spring wheat from the Northwest included in today's arrivals.

Chicago wheat stocks showed a small decline of 69,000 bu, but we believe from now on we will start accumulating wheat. Corn stocks locally, including CCC holdings, increased 405,000 bu to 21.6 million bu. There was a big increase in rye stocks due to the fact that duty was paid on bonded supplies. Beans were down 340,000 bu, still leaving 7.3 million bu here.

Our wheat market was firm right from the start, and Kansas City was stronger on small mill buying and lack of pressure. July corn at one time rallied rather sharply but a broker with northwest elevator connections sold and we had a reaction of about 2¢ per bu. Chicago buyers who have been getting some corn from Iowa made no purchases over the weekend, probably due to the decline in futures. However, there was corn in today from both Minnesota and Indiana. Old crop bean futures were firm, and there was some buying of September by a processor. New crop months, however, were lower, and those who had gone to the country over the weekend were pretty well satisfied with the progress of crops. Oats were somewhat higher, probably influenced by the Canadian situation. Rye prices at Winnipeg were firmer than ours.

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CHICAGO, 4 July 8, 1958

In 1922 the Grain Futures Administration was established, and all grain markets were placed under federal regulation. Since that time the law has been broadened to cover other commodity markets, and the original agency is now known as the "Commodity Exchange Administration." Prior to 1922 more than 100 bills designed to outlaw or restrict futures trading in the United States had been introduced in Congress, but none was passed. Regulatory functions have led to some full scale investigations, and all futures markets of the country are pretty much controlled. The commodities which are traded on these markets arealso controlled by various artificial factors, and sometimes legislators in their enthusiasm to correct faulty situations have been carried away by their emotions, forgetful of the secondary consequences. We believe very sincerely that hedging opportunities to producers, millers and other users of the markets have been handicapped by the various controls which have grown up during the last three of four decades.

We recall so well a statement made by President Coolidge in 1931, when he offered this philosophy: "When trade declines and goods begin to accumulate, whether they are raw materials or farm or factory products, instead of letting the market take its own course there is always a great temptation to try some artificial remedy. It is better for everyone in the end to let those who have made losses bear them than to try to shift them on to some one else. If we could have the courage to adopt this principle, our recovery would be expedited. Price-fixing, subsidies, and government support will only produce unhealthy business."

Reports from the Northwest were reasonably optimistic, and the Occident report spoke of good moisture that had been received during the past week, ranging from 1/2 to 3 inches in a few spots, with many stations claiming better than 2 inches of rain. Progress of growth was mostly good in that area. The Peavey report also spoke of general rains in northwest and western North Dakota, and while these were not heavy there has been a substantial improvement, with the cropoutlook mostly fair in northwestern North Dakota. However, there is no great encouragement coming from Canada, and overnight weather showed mostly clear skies in the west, but indications are for some showery activitytomorrow, and no unusually high temperatures seem to be in prospect.

Our corn market opened rather steady in spite of some rather large subsidy grants by the government. All told we figure that more than 2.6 million bu was involved in these transactions. On the other hand barley and rye bids were rejected. The wheat market opened rather steady on scattered commission house buying, and brokers also sensed some interest in futures on part of mills. This was apparently a continuation of yesterday's business, which had given us firm markets at that time.

The visible supply, which was late in being posted, showed an increase of 11.4 million bu. In spite of the accumulations there is not much pressure on the market. There was early firmness at Kansas City again, particularly their July future, and that market received only 678 cars of wheat today, but the earlier embargo may have had something to do with the small arrivals.

Our market was also firm, but best prices did not hold. There is still only 384,000 bu of free wheat in Chicago, but from now on there should be heavier accumulations, although we do not expect heavy receipts until about the 20th of this month. Flour sales have reached moderate volume, according to The Southwestern Miller, although bakers are resisting coverage. Meanwhile, wheat prices are still not far above the season's lows, and with a crop of 1.1 billion bu of winter wheat some people are waiting before making investment purchases, as the market has not been fully tested. Corn opened a shade higher, but there was some hedging and the CCC Chicago office sold 564,000 bu of cash corn at $1.61 1/4 domestic for unrestricted use f.o.b. cars Philadelphia. This is part of the several cargoes of corn which they had advertised would be sold in the East, but it may have had a little influence on sentiment. July corn finally weakened, and Chicago free stocks increased 566,000 bu during the week to a total of 1,373,000 bu. Beans were without much feature, except there was some processor buying. Winnipeg was weak all along the line, including rye and barley, but this was largely technical.

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CHICAGO, 4 July 9, 1958

It is quite generally believed if a completely new farm bill is drafted that city folks will have more of a voice in what may be done, particularly as living costs keep rising rather persistently and some of this at least is due to various programs carried out by our government. Few people realize how extensive some of these activities actually are. For example in June the dairy price support purchases amounted to over 34 million pounds of butter, 6.7 million pounds of cheddar cheese, and 101.5 million pounds of non-fat dry milk. There are a host of other articles that are purchased outright as for example fruits and vegetables. During the past week, the Department of Agriculture bought over 627,000 cans of blackberries for school lunches in the No. 10 size at a cost of about 1/2 million dollars. We are not debating the merit of these programs except to say that they are costly, and just like price supports for basic commodities have kept prices from seeking a level that might be justified by supply and demand factors.

Before our market opened this morning there was not too much news to guide it. Weather had been mostly clear over the Southwest with just a trace of rain in a few scattered points, and apparently harvesting operations except for isolated areas should be resumed before long. Nevertheless, there is a tight holding tendency on part of farmers in the Southwest, and in spite of tremendous yields and a record winter wheat crop, the movement thus far has been far short of expectations. Cash wheat in the Southwest, as we have pointed out, was so far below the loan level that there was every incentive to the farmers to store and not to sell. Of course, there would not be sufficient empty storage space in the United States to put away every bushel of wheat that is raised, and consequently, some grain had to be sold. Furthermore, there are some farmers who do not produce enough to concern themselves with the red tape of impounding supplies, and on small quantities they have marketed wheat which in the aggregate probably amounted to a fair amount. In Illinois, about 45% of the wheat has now been combined according to the weekly crop bulletin. The average for this date is 80%. Under favorable weather conditions the balance of the wheat will be harvested pretty quickly, but thus far Chicago elevator interests have bought practically nothing, and this is a rather unusual circumstance except that price again has prompted producers to hold with the hope of storing rather than selling.

There was some scattered moisture in the spring wheat areas, and while not particularly heavy anywhere it seems to be a favorable development. The Minnesota weekly crop report tells of small grains that have advanced to the flowering or milk stage except in the far North. Many fields of winter wheat and rye are turning color in the south and yield prospects are excellent. In Canada there was precipitation in the east, but the weather map showed practically nothing for the Prairie Provinces and very little moisture is indicated so that the situation is becoming more urgent in Saskatchewan and parts of Alberta. During the past week there was some deterioration in Saskatchewan and reports generally are on the pessimistic side. However, coarse grains and flax have suffered most. For Alberta the outlook is considered promising in comparison, but they are entering a critical period from a standpoint of moisture.

CCC sold exporters 360,000 bu of corn at Baltimore and granted subsidies on about 1.4 million bu.

Primary receipts of wheat were a little over 2 1/2 million bu which was only about half as much as last year and was more than a million less than last week.

Reports on wheat from Kansas were to the effect that harvest was 75 to 100% completed, but prices being paid were anywhere from 25 to 30¢ below the loan so that naturally not much was being sold. This being the case, we are sure that the amount that will go under support will be very heavy and might even break previous records. Flour business is said to be better and there was some mill buying in the pit today. Also some purchases by exporters against new business. Family flour business is picking up rather slowly. Kansas City wheat prices were firm during most of the session, and there was some short covering there. Corn was under liquidating pressure. Comment on crop development was mostly good although in Iowa the heavy rainfall must have done extensive damage to crops, particularly in the flooded areas. There is still some water standing in low fields where rainfall during the past week was so heavy; however, crop damage from this source is generally not widespread, and for the entire state the condition remains good to excellent. Rye recovered a little from yesterday's break and there was no particular feature. Beans were not actively traded.

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CHICAGO, 4 July 10, 1958

After the close of the market today we shall have the July figures from the Crop Reporting Board giving the acreage and production of all grains except for soybeans. On the latter commodity no production figures will be issued until August, but this afternoon they will give an estimate on acreage and it is likely that a big increase over last year may be shown. A month ago the total wheat production for spring and winter was forecast at 1,271 million bu which already was 34% increase over the 1957 crop and 14% above average. That all this became possible on a small acreage was in itself an indication that full utilization had been made of improved farming methods, but also, of course, we had wonderful weather with propitious rains in almost all of the southwestern wheat belt, and in some parts of the central states. Today's forecast will probably show gains both for winter and spring wheat much in line with a private estimate that came out earlier.

The trade is fully aware of the fact that this year's wheat crop will rank as one of the largest in history, but surprisingly enough pressure from this huge crop has been quite disappointing, although when consideration is given to the big gap between market and loan it can easily be understood why the holding tendency on part of farmers has been intensified. Tight holding policy developed and was more pronounced in western half of Kansas where available storage was much more plentiful than in the eastern half of the state. As we pointed out yesterday, farmers wherever possible were holding their grain and trying to get the loan rather than sell at the market where prices were anywhere from 25 to 32¢ per bu lower. There has, of course, been some medium and low protein wheat sold in volume, and this type of grain which is less desirable to mills had caused a rather wide carrying charge at Kansas City.

It is still quite early to tell what the situation will be in Chicago. The Illinois state report claimed that 45% of the crop had already been harvested, and this is only a little more than half of the amount reported last year. However, Chicago interests, including the mills, have not been able to buy much and there is some doubt beingexpressed whether the free stocks in Chicago will be built up to large proportions in spite ofthe very big yields that are promised for Illinois. There is still a good deal of empty space in our market, and with no assurance that carrying charges will be big even some of the elevators seem more desirous of taking storage than was the case in other years.

Broomhall's Foreign Crop Summary spoke of warmth and sunshine in Europe following wet weather so that crops had been making better progress. Optimism, however, was tempered by previous less favorable conditions. While good production is still expected, some crops must cope with extensive lodging that may effect yields appreciably. The weather improved in France after a cool spell with rain, and a prolonged dry spell is nowhoped for. Nevertheless, good yields in that country are predicted and harvest should get underway in about a week. More or less the same conditions prevailed in Western Germany while harvest seems to be underway in Italy. That crop should be larger than last season. Moreover Italy will carry over 1.2 million tons of soft and 400,000 tons of hard wheat into the present season. There have been beneficial rains over wide areas in Argentina, but moisture is needed in parts of Australia, particularly Victoria, although elsewhere the condition is said to be satisfactory.

Primary receipts of wheat are not large considering that we are in the midst of harvest. They amounted to 2.8 million bu compared with 3.6 million bu last week and 5.2 million bu last year. Kansas City and Minneapolis wheat stocks so far this week show a net increase of 2.2 million bu.

Trade in wheat yesterday was smaller than in corn, indicating how light hedging pressure must be, and speculative trades are also at low ebb. Flour business was of smaller volume, and there was very little commercial business in the pit today. However, rail bids downstate were high enough to draw wheat away from Chicago, and we even hear of some truck wheat going from southern Kansas and Missouri to Texas. All this is indicative of a big tie-up under loan. A processor was again a good buyer of September beans today, and the market was a shade higher with meal prices very strong. Trade in corn was light and the market was moderately firm. Rye had the best advance of all grains.

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CHICAGO, 4 July 11, 1958

After the close of the market yesterday we had crop production figures for July and a record winter wheat crop of 1, 130 million bu was said to be in prospect for 1958. This is 61 million bu more than was forecast last month but is 60% more than the 1957 crop and 33% above the average. The yield per harvested acre is indicated at a record of 27. 1 bu and compares with only 18. 9 bu average. Total wheat promises a yield of 1, 343 million bu, and if this estimate finds fulfillment it will be 73 million more than was forecast on June 1st and will be the second largest crop of record. Most of the improvement occurred in the southwestern states with Kansas production enhanced by about 29 million bu, Oklahoma by 22 million and Texas by 10 million. In the four soft winter wheat states around the Lakes and Missouri there was actually a reduction of 7 million from the month earlier.

Overnight there were heavy rains in Kansas accompanied in some cases by high winds. There was also some rain in Nebraska which will further delay the harvest in sections where field work is still to be done. Rainy weather also has held up the flow of soft wheat, and if for this reason than none other we were told this morning that Chicago wheat buyers did not get any offerings overnight, but undoubtedly the attractiveness of the loan as compared to the market is going to take a good deal of wheat this year out of commercial channels so that supply figures taken by themselves are not of the same importance as would otherwise be the case.

The government forecast the corn crop at 3. 3 billion bu which would be 3% less than last year but 5% above average. June apparently was not a particularly good month for growth and in some sections there had been delayed cultivation and yet warm dry weather which prevailed at the end of the month did permit cultivation and improved the color of the crop. Excellent soil moisture supplies should be a help during the summer period, and in our opinion August might show some improvement over yesterday's figures. There were no production figures given for soybeans, but another record acreage is predicted thus maintaining the upward trend that has continued for 9 consecutive years. With 24. 4 million acres planted, there is an increase of 12% over the previous record of 21. 8 million acres sown last year. The crop was off to an early start and seems to be making good progress although cool weather retarded growth somewhat. With few exceptions moisture supplies are ample and in a few localities even excessive. Floods did considerable damage in Indiana where some replanting became necessary. Rye furnished the greatest surprise with production estimated at 31. 4 million bu which is about 18% larger than last season and 40% above average. Actually it is the heaviest production since 1942. The indicated yield of 16. 8 bu per acre is the highest of record and compares with 12. 8 bu per acre the 10-year average. Apparently less rye was plowed up and more was left for harvest with 1. 8 million acres left standing, which is 11% above last year. Rye is a difficult crop to forecast far in advance because most of the acreage is not harvested for grain but is plowed under as a green manure crop or else is used for hay and pasture. The rye loan figures $1. 41 Chicago and $1. 34 Minneapolis on which basis there might be fairly large quantities impounded this season.

Primary receipts of wheat were a little heavier, having amounted to nearly 3 1/2 million bu, but even this was 2 million bu less than last year; a week ago was a holiday. Kansas City and Minneapolis sotcks so far this week show a net increase of about 3 million bu. When the visible is posted on Monday it will compare with last year's increase of 13. 6 million bu.

There was some covering, particularly of July wheat, which narrowed the spread between that month and later deliveries. Good Mill buying was noted both here and in Kansas City. Farmers do not seem to be selling their crop at present prices and this seemed to have been the main feature today in spite of a bearish government report. No important precipitation is expected for the Canadian provinces. In corn, commission houses were on both sides of the July future. Some traders are friendly to the nearby months on the theory that with the small farm stocks in the Central States, and even to the East of us, there will be no great amount of pressure. Likewise, since the market had declined, we are no longer attracting Iowa corn to this market, where the largest surplus lies. The difficulty, however, in guessing is that nobody can tell whether CCC selling may expand. July beans were quite strong today, and this kept the balance of the market firm. Prices for meal were again sharply higher.

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CHICAGO, 4

July 14, 1958

There apparently was more wet weather over the weekend than was at first discernible from early reports. We had messages from Toledo, Ohio that additional delays were being encountered in harvesting, and that almost everywhere one looked water stood in the fields so that it might be another week, particularly in the southern part of Ohio, before combining could start. There were some fairly good rains in our Northwest although not heavy in all places. Hutchinson, Kansas had nearly an inch of rain, but there was not a great deal elsewhere in the state, and this was less important as a large percentage of the Kansas crop has already been gathered. However, in some of the soft winter wheat areas there will be no combining for several days yet. Springfield, Illinois reported that there had been heavy rains Friday and scattered showers over the weekend with more expected this afternoon and tomorrow. The same story was told from Bloomington where neither oats nor wheat could be combined before at least tomorrow afternoon even if weather conditions were ideal, which certainly they are not. Both crops are ready to be cut and farmers are anxiously waiting, but the weather seems to be inclement. We had a little more optimistic news from Canada where moisture was uncexpected and general during the weekend. Our friends tell us that although Western Canada as a whole is not likely to produce a crop comparable to anything they have grown during the last few years that there has nevertheless been some improvement in the over-all situation, and thus with the last rains there seems to be a little more hopeful outlook.

Apparently the expected flour business did not develop over the weekend and at least some mills claim that the total volume is rather disappointing. However, with wet weather that we have just mentioned and the lack of pressure there seemed to be a fair amount of buying when the opening bell sounded. Sentiment may have been influenced also by the report of a revolt in Iraq. Apparently an Army coup had overthrown the pro-western government and the fate of that country may now become closely associated with Nasser. There was no direct word of the fate of the 23 year old chief of state who was ousted, but unconfirmed reports say that he was beaten to death by a mob. All this is a serious blow for the West because Iraq had been one of the key countries in the anti-communist Baghdad pact in the Middle East. The international oil stocks were all very weak this morning as a result of this occurrence.

There were reports that India had purchased a cargo of white wheat for August shipment out of the Atlantic. That country is undergoing disastrous floods and whole villages are cut off from outside help. During the first three weeks of the monsoon season India is reported to have experienced nearly 70 inches of rain. There were subsidies granted on 1.8 million bu of corn, but there is still no export business in rye as up to this time CCC has rejected all bids under the subsidy program. We talked to some of the Chicago buyers who would ordinarily buy wheat from the country over the weekend. They state that purchases were practically nil and that some did not even have any phone calls.

Primary receipts of wheat were heavier today at 6.3 million bu, but that was still small compared with last year, and the combination of retarded harvesting weather and a holding tendency on part of farmers seem to prevent pressure from coming into markets. The political disturbance in Iraq, probably brought some buying into the market. Rye seemed to be one commodity that was little affected, and on moderate selling the market ran into stops. Here in Chicago we had an increase in the wheat supply of 727,000 bu, and this brings the total to 3 1/2 million bu, but the bulk of it is still in government hands. Corn stocks increased 303,000 bu, to a total of nearly 22 million bu. The reduction in bonded stocks of rye was offset by an increase in the regular supply. There was very little change in the stock of beans.

Wheat was rather firm, but there was not too much commercial business in the pit. Hard winter wheat flour business over the weekend was heavy, but not general, and totals were reported far below the big volume on earlier coverage during Thursday and Friday of last week. There was a sharp advance in bean prices, but best prices did not in all cases hold. The crop outlook is still good, although Iowa and some other sections are reporting more rain. This may not be so detrimental to corn or beans, but it is not helping oats, which need a period of dry weather.

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CHICAGO, 4 July 15, 1958

The political situation in the Mid-East remains very tense. After the pro-Nasser coup had ousted the King of Iraq yesterday, President Eisenhower called in about 22 political leaders from both parties to decide whether the U.S. should intervene in Lebanon and Jordan, and following these urgent talks the President called for an emergency meeting of the United Nations Security Council. Considerable violence had taken place yesterday when revolutionists backing the Nasser movement proclaimed a Republic in Iraq, hanged the Crown Prince, wrecked the British Embassy, and split open the Baghdad pact. We were giving consideration to the possibility of sending troops to the Middle East, possibly to Lebanon, and just about a minute before our market opened word came from the White House that we had sent U.S. Marines and that they had landed in Lebanon. The President said that such action was taken in response to an urgent appeal from President Chamoun of Lebanon. It was apparently done to protect American lives and to encourage the Lebanese government so that a similar coup might not cause the same disastrous incidents upon the sovereignty and integrity of that nation. Our forces were apparently not sent as an act of war, but it was merely a protective measure.

Under the circumstances, it was not surprising that all grain markets opened sharply higher. There was a wide range in wheat of from 3 to 5¢ per bu as the political news came at the same time when pressure on our wheat market was very light. There had been some heavy rains in parts of the Southwest and also over the corn belt, which means that harvesting operations will be further retarded. Farmers are not offering wheat in any quantity, and a holding tendency had existed even before the trouble in the Middle East had started. The fact that prices were so far below the loan level and that the loan itself was 18¢ per bu lower than last year had naturally restrained heavy selling. Probably the heaviest overnight rain in the soft winter wheat belt was around Springfield where they had nearly 5 inches. This was accompanied with strong winds, and reports were that more winds and showers might be expected today.

The showery condition in the Northwest has been less severe, but almost every day there has been a little moisture in that area, and according to the Peavey crop report this was doing a good deal of good for small grains and even the Northwest corner of North Dakota had reported surprising recovery, although yields are not expected to be high. Surprisingly enough most areas would now like sunshine and somewhat warmer weather. For the most part harvest is from one to three weeks away with the exception of rye. In southeastern South Dakota there may be some scattered harvesting this coming week, and in that section the crop was hurt by rains and winds which had caused lodging, but in general this was not serious except for truck crops. Some fairly good rains were also reported in Canada, probably heaviest in Manitoba. These might even help conditions in Saskatchewan where the Pool figures had shown a 5% decline during the week for wheat.

Primary receipts of wheat are not heavy and this is due largely to wet weather and holding tendency on part of farmers. Today's receipts were 2.3 million bu which compared with 3.7 million bu last week and 7.2 million bu last year.

After a much higher opening in wheat, there was a period of hesitancy but during the last hour more aggressive buying set in again, and the State Department claimed that they had unconfirmed rumors that two American business men had been killed in Iraq yesterday by a mob. Russia condemned the sending of American Marines to Lebanon, calling it aggression against the Arab world, and they asked the Security Countil to order troops out immediately. As long as we have incidents of this kind that are so imflammatory, shorts are naturlly on the defensive and likewise it tends to bring in new buying. Mills did more business this morning and bakers have become concerned over new war tensions. Soybean prices were sharply higher and there was some stop-loss buying on the way up. We also heard that Denmark was in the market for two cargoes of U.S. beans for October and November shipment via the Gulf. Commission houses bought soybean meal and prices were again considerably higher. This is quite a contrast to the lowest level reached in a decade last January when the price was $43.75 per ton (bulk, Decatur). Corn and rye were both higher. There was no specific news for these commodities, but they shared in the general advance occasioned by political tensions.

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CHICAGO, 4 July 16, 1958

A sharp recovery in the stock market yesterday afternoon with further advances this morning were taken as an indication that while tension still exists in the Middle East that the situation has been somewhat stabilized by the sending of U. S. troops to Lebanon. One stock in particular, namely British Petroleum, which has assets mainly in that part of the world is often regarded as a barometer of conditions. When firmness exists in that issue, one might almost infer that there is not much apprehension on political matters, particularly during times of stress. The reaction to our troop movement in Lebanon was naturally vehemently opposed by Russia, and they termed it an act of aggression. President Eisenhower told Republican Congressional leaders this morning that the landings had proceeded most satisfactorily, and that the reaction from the United Nations and various countries generally was favorable. There were some adverse comments from politicians, but in general this important step had the support of members of both parties in Congress as well as by ex-President Truman. Moreover the landings had been well received by the people and government of Lebanon. It was not surprising therefore that after yesterday's sharp advance in the grain markets that there should be some reaction this morning. There were widespread reports that Britain was preparing to send a striking force into Jordan if King Hussein appeals for help.

Heavy rains were reported in parts of the Southwest, particularly in central Kansas with precipitation of 3 to 4 inches around Hutchinson and Wichita. There was not much additional moisture in the soft winter wheat territory, but around Springfield, Illinois it had rained again yesterday afternoon, and they do not expect that any field work will be possible before Friday. Decatur reported nothing being done there with too much water in the fields, and it will be at least 2 or 3 days with dry weather, or even longer, in many places before combines can be back at work. Harvesting of oats and wheat around Bloomington, Illinois was likewise being held up, all of which in itself would not be too bad except that in the 5-day forecast there is still a prospect of considerably more moisture. Up to the present time Chicago has hardly received any wheat from the new crop. Our free stocks showed an increase yesterday of 773,000 bu, bringing the total to 1,157,000 bu, but in our opinion this is mostly wheat which the mills have purchased and elevators have practically no stocks as we came into the present crop year with hardly any reserves from last season. This being the case, July wheat is selling almost at the September price and there is some doubt whether there will be any deliveries on the nearby future before it expires. This, of course, is a most unusual circumstance. There was some scattered moisture again in our Northwest although many observers now claim that dry weather and warmth would be more favorable. Weather in Western Canada was said to be favorable and private estimates on crop production are tending to be increased. There was some fairly good export business to the Continent in corn, milo and barley for both nearby and deferred positions. Japan bought a cargo of Manitobas, and there were reports that a cargo had also been sold to that country from the Pacific Northwest. In beans, Denmark was said to have purchased a cargo for last half November shipment.

Primary receipts of wheat were less than half of last year. Kansas City stocks so far this week increased 1.1 million bu, while there was a small decrease at Minneapolis.

State reports spoke of heavy rains, particularly in Illinois, although prospects for small grains are still good if proper harvest conditions materialize soon. Heavy rains in Nebraska have benefited corn and sorghums, except for excessive flooding and hail damage in several southeastern counties. In Iowa, almost all of the corn acreage has been cultivated for the last time.

During the session the news from the Middle East was mixed. Lebanese reble leaders had ordered a cease-fire in Beirut, but later in the session there was a formal statement from the Soviet Union that they could not stand by idly as spectators during Lebanese intervention, and the Soviet press claimed that the landing of our Marines was a direct act of war and open piracy.

Wheat rallied from the days low. Beans, which had broken rather sharply, showed good recovery, while corn prices were somewhat lower. Altogether it was a nervous market as was to be expected when political news is so much in the foreground.

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CHICAGO, 4 July 17, 1958

There was more disquieting news overnight from the Middle East. Russia, it seems is planning military maneuvers in the areas bordering Turkey and Iran although this is believed to be part of the annual exercises that generally take place at this season of the year. However, the timing of the announcement may have been designed to follow Russia's warning yesterday for the United States to get out of Lebanon. In the meantime British troops have been landed in Jordan and at the same time the U.S. airlifted more soldiers to the Middle East, and Hussein announced in a broadcast to his people that the landings had been authorized last night by an emergency session of the Jordanian Parliament. At least 1600 US soldiers were flown from Germany to Southern Turkey yesterday, and British paratroopers from Cyprus flew to the Amman airport to support embattled young King Hussein against a wave of anti-Western Arab Nationalism which had dethroned and killed his cousin King Faisal of Iraq. Moscow continues to urge the withdrawal of American Forces from Lebanon, and at the same time announced that military maneuvers would begin tomorrow in Russia's southern provinces. The Moslem states of Turkey, Iran and Pakistan have formally hailed the Anglo-American landings in Lebanon and Jordan as "welcome initiative". The three Baghdad Pact members gave their blessings to the landings in a communique that stated that the three powers intended to develop among themselves collective security arrangements of the most practical nature.

All these events naturally had their influence both on the securities markets and on commodities as well. There was general buying in the wheat market and even rye, which had been a little reactionary lately, opened higher as the first U.S. subsidy was granted for the exportation of 200,000 bu of rye via the Atlantic for July-August shipment at 25¢ per bu. This in itself is not a large quantity but could easly be the beginning of heavier shipments. In our Southwest heavy rains fell again over a wide area. The rains in Kansas were heavy and the map is generally unsettled so that harvesting operations may be further retarded. The Canadian Weekly Government Report told of additional rainfall during the past week which had improved crop prospects over the Prairies. However, the yields are expected to be light over large areas of Saskatchewan due to the earlier drought, and parts of Manitoba and Alberta have also been adversely affected.

By way of foreign news Broomhall reported that general rains were received in South Australia and precipitation is now reported falling in the state of Victoria. Since these were the two most critical areas where a prolonged dry spell had existed, it places new hopes for next season's crops which had been in a very precarious position. According to Broomhall the U.S. wheat and flour exports for the second week of the season were 4.4 million bu, and since July 1st there have been total clearances of 14.8 million bu vs. 18.3 million a year ago. The U.S. corn exports for the week were 2.1 million bu giving us a total since October 1st of 136.7 million or perhaps 10 million more than for the same period last season.

Primary receipts of wheat were a little larger at 3 millinn bu, which was slightly over last week, but still compared with 4.6 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1,440,000 bu.

There were periods during the day when there was a little hesitancy, and it is difficult to visualize what the next steps will be in the Middle East. However, troop movements in that area by Britain and ourselves could be followed by serious consequences, although we, ourselves, do not look for open warfare on a general scale. Here at home, there seems to be some accumulation of yellow hard wheat by a Chicago interest, and while this may not be delivered on the July future, it did have some influence in widening out carrying charges to some xtent. We were told that there was some 18%, or even higher, moisture wheat being cut in the East, but apparently is being dried out and can be used very quickly by mills. This type of wheat, plus some in the Southwest that has become sprout-damaged, will undoubtedly find its way on the market, but for the time being little attention is being paid to these factors.

Downstate we hear of some oats being harvested in preference to wheat. Flour sales are still moderate to small, but we had a large speculative trade again, and during periods such as these, forecasts are difficult. Beans at one time were up as much as 6 3/8¢ per bu for November, and the meal market was again very strong. Rye also closed sharply higher. Corn was up to a considerable extent, mainly on political fears.

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CHICAGO, 4 July 18, 1958

The new rebel government of Iraq said this morning that it would honor its agreements with Western oil companies that were running the nation's rich oil fields. This came over the Baghdad Radio and the broadcast indicated that the new regime had no immediate plans to nationalize the petroleum industry of that country. This had a somewhat bullish effect upon international oil stocks as foreign holders have substantial interests in Iraq, and for the time being at least there seems to be no intent of seizure although the new government has taken measures to both safeguard oil plants and pipelines in that country. Nothing much was accomplished at the Security Council meeting of the United Nations last night, but meanwhile the Cairo government reported that a meeting had taken place in Moscow between President Nasser and Premier Krushchev but details were not forthcoming, and about all that was said was that the two leaders exchanged views on the present international situation and what might be needed for the preservation of peace.

Our marketsopened sharply lower and, as we mentioned in our early gossip, prices of grains have advanced rapidly and sharply with shorts having covered pretty well during the past few days. It is true that while our troops are stationed in Lebanon that there is a good deal of international opposition, and even tension in that country seems to be increasing to some extent. The Parliamentary Speaker of Lebanon, who has remained neutral on the internal conflict, appeared angry over the entry of U.S. forces. A good many other deputies, most of them in the opposition but including some outstanding moderates, have called for a session of Parliament to debate whether our Marines should be told to leave. Thus, one cannot feel entirely safe over our present position and that of Britain in Jordan.

As for grain news, the Quaker Oats report spoke of a very high condition of oats, and over-all it was the best of any time. Also test weights throughout the entire region should make a record high in spiteof the fact that there are some poor spots, although not many. Ideal weather conditions during the entire month of June and early July have been given much credit for the wonderful outlook. We had very little rain overnight except in eastern Missouri, but there was some light moisture in our Northwest while in Canada weather was also regarded as being favorable. Some rain is likely according to the 5-day outlook for the Central States, but meanwhile there is some harvesting going on, and a few oats were cut yesterday around Springfield, Illinois and doubtless the same occurred in other localities. The government granted subsidies on 410,000 bu of rye increasing their grant by 2 to 3¢ per bu, and thus far subsidies on 610,000 bu have been noted which is not too large a quantity, although in comparison with the crop may be regarded as being helpful, particularly if further exports take place. In the Southwest some wheat sales took place yesterday on high proteins which ranged from 14 to 15%, and the price was several cents over the net loan so there is apparently some wheat coming out. At one station in western Kansas where wheat had run fairly high in protein, a dealer had purchased 200,000 bu this week and the price was equal to or slightly above the net loan.

Primary receipts of wheat were a little over 3 million bu which is still not large, and they were actually smaller than last week and compared with about 4 1/2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1.6 million bu. When the visible supply is posted on Monday it will compare with last year's increase of about 19 1/2 million bu.

The political news was far from being one-sided today. The U.S. had served notice on Cairo that if united Arab troops attacked our forces in Lebanon it might lead to very dangerous consequences, and after the early sharp breaks there seemed to be some buying and possibly evening up before the week-end. There was a good deal of buying in corn, particularly by a local house. The Quaker Oats report spoke of the prolonged cool weather which had retarded the growth of both corn and soybeans, and added that these crops were now about a week behind normal. They went on to say, however, that if favorable weather prevailed that the crop during the next two months could give us production equal to last year. There was some buying of the July future and we note that the open interest is still about 4 1/2 million bu. Beans finally closed weak with July leading. There was a large business in corn, milo, barley and oats again today. The business in flour was slow.

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CHICAGO, 4 July 21, 1958

There was less tension with respect to the political news over the weekend. No particular flare-ups developed and the invitation of Premier Krushchev for a Five-Power meeting was considered more or less propaganda, and there has been no definite answer yet to this proposal. Meanwhile Japan had announced a plan for a stronger observation corps to cope with the Middle East situation, and there can be no doubt that up to now the smaller body has not kept the world well informed as to the pending dangers. Tensions have been increasing at the eastern end of the Mediterranean for three years. It is now clear that our Navy and Air Forces have long been on the alert for just such a flare-up as developed last week. The fact that our troop movements were accomplished with such great dispatch would tend to indicate that we were on the job. Unfortunately, however, the damage in Iraq had already been done by the time we were alerted. Police actions and small scale troop landings can at best only meet local situations, and it is the hope that a similar coup in Lebanon and Jordan will thus be prevented. Unfortunately also is the fact that Communist planners have a virtually unbroken record of successes, achieving their aims without resort to full scale war operations. The Mid-East chaos is almost certain to be with us for the next several months, and even if there are some bright skies in the horizon at times, there are almost bound to be temporary flare-ups and new tensions in the Arabian world could occur with great rapidity.

In any case our grain markets opened sharply lower this morning, and there was considerable selling in wheat including some hedges that were placed. There was not much cash wheat bought for Chicago, but apparently a considerable quantity East of here. Rains around Bloomington, Illinois were heavy and amounted to about 1 1/2 inches. They also extended to the south, and we were advised that unless there is a marked change in the weather immediately, both oats and wheat are in critical danger from field damage. According to the Weather Bureau there was not much rain in central or northern Indiana so at least harvesting has not been hampered in all districts. The rains in Kansas and Nebraska were quite heavy, but apparently about 85% of the Kansas wheat has been gathered so that wet weather is not as important now as it would have been a week or two back. In Nebraska, however, there could be delays and possibly some deterioration in quality. There were heavy subsidies granted on corn for export, and the government granted additional subsidies on 400,000 bu of rye which means that about a million bushels has been cared for since the middle of last week. This may not sound like a large figure, but in rye is quite important compared to a crop of about 31 million bu. There has been considerable improvement in Canada following the rains of a week ago, but this applies particularly to summer fallow land. We heard that Germany and Holland had bought parcels of soybeans with the purchase for Holland going as far ahead as next January. Nevertheless on the opening decline the July future was weakest and trading in all July deliveries will terminate after the close of business tomorrow.

Secretary Benson urged action in extending P. L. 480. He pointed out that the law last year was not extended until mid-August and that it took several months after that before substantial agreements were concluded. He pointed out that the Department is holding a large backlog of requests from friendly countries to purchase surplus agricultural commodities for foreign currencies, and that unless we export heavily we shall pile up greater surpluses at home.

Chicago wheat stocks increased this week 736,000 bu to a total of 4.3 million bu. As stated earlier weather East of Chicago was quite good over the weekend, and there must have been good progress made in harvesting wheat. This brought considerable pressure into our market, and besides that there was liquidation for long accounts. The 249 cars of wheat in Chicago must have originated in the East. Flour demand was slack, and buyers cooled off following last week's buying. News surrounding the soybean crop was generally optimistic, and beans were particularly weak considering the firmness in meal. Corn seemed to hold fairly well, but naturally with weakness in other pits this cereal was also influenced by the more bearish sentiment that prevailed. The corn hog ratio in Chicago declined to 16.5 from 17.8 last week. The corn visible decreased 2.8 million bu. Wheat increased 12.6 million bu. Beans decreased 1.2 million.

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CHICAGO, 4 July 22, 1958.

There was nothing inflammatory in the political news pertaining to the general situation in the Middle East. Our government in consultation with Britain and France is trying to answer Premier Khrushchev's invitation for a summit meeting, and in principle neither Prime Minister Macmillan nor the French Premier deGaulle are opposed to a summit meeting but neither of those nations wants to be panicked into a quick get together, and furthermore they rather dislike the undiplomatic tone which is regarded as an obstacle to the talks at this time.

The wheat market opened practically unchanged from yesterday but firmed a little as there was not the same amount of hedging pressure which we had encountered yesterday. On Thursday of this week the government will estimate the wheat carryover, and it is likely that they will show a figure of about 890 million bu. This, of course, is only a breather because if we harvest a combined winter and spring wheat crop of 1,343 million bu, it would top the 1957 production by 42%, and such a quantity would exceed probable domestic use and exports by 375 million bu. Thus, a year from now we shall probably have the biggest reserve stock that we have ever had. For this reason and probably other factors, as well, the USDA believes that the seasonal price decline this year will be larger than usual. Of course much of this has already occurred and the reasons are obvious: namely, the big crop, lower price support, and the unusually large quanty of wheat which is not eligible for price support.

Overnight, Korea bought two cargoes of wheat of which 70% was white and 30% hard wheat. India also purchased three cargoes of white wheat out of the Atlantic and three cargoes of white wheat via the Pacific; that country also purchased 35,000 tons of milo and 24,000 tons of corn. Overnight weather showed dry conditions practically everywhere. Even the Northwest had very little rain. Crop reports from both Peavey and Occident spoke of mostly ideal weather for small grains in our Northwest during the past week, which was good for filling. For the most part, yields are expected to be above average, and harvesting of oats and barley has or will be starting this week in southern Minnesota and most of South Dakota, with general harvest of these two crops probably 10 days to 2 weeks away in the northern area. The Saskatchewan Pool report was also more optimistic and the recent rains have been beneficial to the extent that the condition figure for wheat rose to 82% compared with 72% last week and 100% last year. There was also improvement for oats, barley and flax. The most important factor still in the market is the amount of wheat that will be impounded, which in turn will bethe measure of the quantity of free wheat with which we will deal during the season. On August 11th we shall have the first production estimate of the new soybean crop. Based on July 1st acreage intentions farmers will harvest about 13% more acres than they did last season. Crushings from the record 1957 crop are the highest on record while exports are running close to last year's peak rates. It is now believed by the USDA that the carryover of beans on October 1st will be somewhere between 25 to 30 million bu which would be considerably more than last year and the largest amount that was ever carried from one crop to the next.

Primary receipts of wheat were not large at 2.8 million bu vs 2.3 million last week, and 6.2 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 178,000 bu.

Flour business was rather slow. Reports from Ohio continued good with yields said to be very large. However, hedging pressure was not as heavy as yesterday. A large percentage of the Ohio arrivals are being sold. However, not much wheat is reported moving from Indiana, although a little was purchased to come to Chicago. The Illinois harvest is still at practically a standstill. Some oats are being cut downstate. After mid-session Russia unexpectedly offered some changes today in the Japanese compromise on the Middle East resolution. The U N Security Council postponed a decision until after noon. Nevertheless, when this was announced markets broke. However, there were some reactions in corn and in beans from the low figure. The expiration of July contracts was not marked by too much excitement, although July beans went out strong. There was a wide range of trade in July corn, but July wheat ended at about 1 1/2¢ under September. Last trades in July rye showed considerable strength.

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CHICAGO, 4

July 23, 1958

Nobody can be sure at this time whether there will be a summit meeting and, if so, where it may be held. The British Prime Minister wrote Mr. Khrushchev that he would certainly be ready to attend such a meeting (at the U. N.) if Khrushchev would also go, but on the other hand France is cool to the idea and de Gaulle was quoted as saying that the U. N. lacks the calm and serene atmosphere needed for summit talks. President Eisenhower reluctantly agreed to the conference at the U. N. to deal with the Middle East crisis, although he rejected Russia's demand for summit talks outside of the U. N. There is no assurance that if such a conference is held that the President would attend, but undoubtedly if the other heads of state went to the meeting, he would be present at least for a time. Meanwhile, the International Security Council has adjourned and there is no schedule for reconvening at this writing.

It is doubtful whether any of the political factors were greatly responsible for higher grain markets this morning. There had been some rather heavy rains over parts of Ohio, and it is difficult now for the combines to get into the fields although there had been some heavy selling of wheat that had been previously harvested, while in Indiana the movement is picking up fast and some truck congestion at elevators is being reported. In any case we doubt whether the post-harvest pressure will last very long although with the very heavy crops that have been raised and a record winter wheat yield there is bound to be some movement all during the season. For Illinois, harvesting operations are about 55% completed, for Indiana only 20%, for Iowa 65%, while in Kansas 90% of the wheat has been gathered. We would rather suspect that when the government report is issued next month there will not be a great deal of change from the July figures, and in fact spring wheat might show some improvement. For crops as a whole this is apt to be a banner year for agricultural production, and it is important to note that this has been accomplished through an increase in yields per acre because actually the planted acreage is the smallest in 40 years.

Livestock production also continues very high. The fall pig crop soon to be announced is expected to be up substantially and an increase in cattle numbers is underway. Dairy production is running at about last year's record level. Hog prices this fall are apt to average about the same as last fall with about the usual seasonal decline expected. This spring's pig crop which will provide most of the fall's marketings is 2% larger than that of last year. There are a good many people who feel that the deferred meal futures are too cheap in relation to prices being paid for current supplies. Their reasoning is that the difference between old and new crop beans is so small that either beans are selling too high or else meal prices for October and beyond are too low. Expectations are that there will be about 10% more chicks hatched for laying flock replacement this year than last.

Winnipeg advised us that temperatures were as high as 100 degrees in southern Saskatchewan yesterday, and they note that nearly all of the acreage in the west is still suffering from moisture deficiency, and it is questionable how long crops can withstand the heat. There were some good showers in Alberta and the weather there is generally turning cooler.

Overnight Japan bought 4 cargoes of white wheat and a cargo of barley. India is asking for offerings of hard wheat tonight while Brazil is asking for offerings on 100,000 tons of wheat, and Israel is inquiring for a cargo of hard wheat and a cargo of milo.

Statistics were of no importance, and the primary movement of wheat was again small. Northern Indiana continued to sell wheat for shipment to Chicago in fairly good quantity. Our wheat market was firm as it is not felt that pressure will last long. Flour business was on the quiet side. The House voted a one year extension on the P. L. 480 program, and the bill now goes to conference with the Senate. When passage occurs we would expect a heavier export business. Corn prices were barely firm. The Illinois weekly bulletin said that only about one-third of the crop is now tasseling compared with over half in an average year. However, beans are showing an average and normal appearance for the season. For Iowa, about 30% of the corn has tasseled compared with 40% based on the ten-year average. Soybeans are in good to excellent condition, and about 25% were showing bloom. September beans were strong and gained on later deliveries. Some shipments probably will be made from here.

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CHICAGO, 4 July 24, 1958

The chances for a summit meeting are now practically assured although the participants are not fully known at this writing, and it is doubtful whether the discussions will start for another two weeks. Meanwhile these events have brought a little more tranquility into markets. Agricultural officials are fearful that our farm exports will continue to decline. Cotton shipments alone may shrink by more than 20% from the 1957-58 level. We shall also probably export less wheat and tobacco, but they admit that this may be more than offset by possible increases of soybeans, rice and feed grains.

It is toward the latter that we wish to direct our attention at this time. The U.S. share of total world exports of feed grains amounted to 6.2 million tons last season, which was about 37% of the total. Some increase is expected this year and very likely a general upward trend in the years ahead. Projections would indicate that by 1965 our feed grain exports should reach a total of 9.5 million tons. Much, of course, will depend on the rate of economic development abroad to support higher standards of living. We shall set forth a few figures here to indicate the potential. For example, the consumption of red meat in the United States is about 160 pounds per capita each year. On the other hand, the average annual consumption of red meat in the six European countries that have just set up the Common Market Area is only 86 pounds per head. Italy is the lowest with only 40 pounds per person. Another example is the consumption of poultry meat. In the U.S. we consume nearly 32 pounds per person per year while in the six common market countries the average poultry consumption is only 7 pounds per head. We realize the traditional attitude that poultry is holiday fare except in France, and moreover prices have generally been above those for red meat. Also there is a lack of refrigeration equipment in retail outlets and homes, but these problems were with us just a decade ago and have been overcome. In Italy broiler production has risen from 1 million birds in 1951 to 33 million in 1957, and it is estimated that 50 million will be produced this year. While this is a spectacular increase, it still represents only 1 bird per person compared to 7 1/2 broilers produced per person in the U.S. This, together with many other examples, affords considerable optimism for increased world consumption of feed grains, and so far we have mentioned only Western Europe which last year took 12.5 million tons of feed stuffs of a total of 16.7 million tons that were exported. Of course, it will take stable conditions in the world if these promises are to be fulfilled, but if living standards improve and some of the American techniques are adopted to promote frozen foods including poultry, we confidently expect expanding markets.

Overnight there were some good rains in southeastern Manitoba while elsewhere across the Prairies temperatures were lower. Moderately cool weather is anticipated, but no heavy precipitation, and need for further rain is now being emphasized. There were reports that Yugoslavia had received allocations under P.L. 480 for 4 cargoes of wheat. Pakistan purchased 6,000 tons of white wheat, and India bought a cargo of white wheat via the Pacific while Israel bought a cargo of hard winter wheat and a cargo of milo. Some hedges against this business were undoubtedly covered yesterday, and with more favorable political news our wheat prices were lower this morning. Indiana wheat harvesting operations show quite an increase, and Illinois is picking up. Some wheat is offered by barge from river stations . Ohio and Michigan harvest continues, but at best pressure from these sources should not last more than 10 days to 2 weeks.

Primary receipts of wheat were a little over 3 million bu, which was about the same as last week and last year. Kansas City and Minneapolis stocks so far this week show a net increase of 1/2 million bu.

There was a fair amount of hedging, most of it going into the December future, but some also in September, and smaller amounts in March and May. Harvest was resumed in Central Illinois, and the quality shows much better than yesterday, although wheat is still high in moisture, with some actually sprouting, which makes it risky to store. Broomhall reported wheat and flour exports at 3.7 million bu for the week, and since July 1st a total of 18.6 million bu vs. 23.9 million last year. Corn was also weak, but general buying in September and the firmness in that month prevented greater weakness in the later deliveries. Beans were quite weak, the crop outlook is excellent, acreage is large, and general growth is about normal for the season.

UHLMANN GRAIN CO.

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CHICAGO, 4

July 25, 1958

Our reply to Premier Khrushchev is being prepared, but apparently there will be a delay now in the meeting of the summit conference and we shall undoubtedly impose certain restrictions on procedure as well as on the composition of the participants. Meanwhile, our markets are paying more attention to routine matters. After the close yesterday we had the stocks of various grains and soybeans in all positions and for corn, barley, sorghum grain and soybeans the stocks in all positions on July 1st reached record levels for that date. Oat stocks were more than 1/3 above a year earlier but below the record of July 1, 1956. The rye stocks were more than 50% above a year earlier, and this together with a large prospective crop should give us a large total supply, but we still believe that between the impoundings that may take place and exports through subsidy the full weight of supplies will not have too depressing an influence. As a matter of fact 370,000 bu of rye was subsidized overnight for September-October shipment via Altantic and Gulf ports on payment of 27¢ per bu.

The wheat stockson hand July 1st amounted to 881 million bu and were the fifth largest of record for that date, but showed a reduction of 28 million bu from the previous year and were actually the smallest carry-over stocks since 1953. This is only a passing phase in our opinion, and if the present crop comes up to expectations we believe that the reserve one year hence will be increased by 300 million bu or more and will reach a new high.

Soybean stocks in all positions were 107.4 million bu, and were the largest of record for that date and nearly 1/4 above a year earlier, which incidentally was a previous high. On the other hand, during the last three months of the crop season we may grind considerably more than we did last year and might also export more so that there is no assurance that the carry-over on October 1st will be quite as large as was estimated by the government sometime ago. This in itself would not be too important if on the large acreage we have a big crop, and it comes through on time so that supplies from next harvest would be available during September.

There was a very large export business in wheat overnight, but apparently a good part of the hedges had been bought earlier. Germany was reported to have purchased 27,000 tons of spring wheat out of Albany, and also purchased a parcel of hard wheat via the Gulf. In addition to this India bought yesterday a total of 14 cargoes of wheat including 12 cargoes of No. 2 hard winter wheat out of the Gulf. Reports from the soft winter wheat states were a little mixed. Weather was all right in Illinois which permitted harvesting operations, and the yield of oats in the Bloomington area was running between 70 and 90 bu per acre, but there were rains to the east of us with the result that harvest has been held up in Indiana and Ohio, and consequently country selling has also been greatly reduced. Chicago interests said that they had booked some wheat from downstate Illinois that would come to this market although some was also going to St. Louis and the over-all selling was not heavy. Oats are still being bought in good quantity.

There was a Free Press crop report late yesterday which was not too optimistic with respect to Western Canadian conditions. It now looks like warmer weather over the weekend. The Quaker Oats report spoke of corn being generally about 10 days later than normal, but conceded that the crop could easily catch up if given a period of higher temperatures. They confirmed what we have been saying for sometime that soybeans have not been retarded to the same extent as corn during this prolonged period of cool weather.

Primary receipts of wheat were heavier at 4 1/2 million bu which was more than either last week or last year. Kansas City and Minneapolis stocks so far this week show a net increase of 539,000 bu. When the visible supply is posted on Monday it will compare with last year's increase of nearly 19 million bu.

Wheat was lower and there was some hedging with not too much support. Weather over the weekend looks favorable for harvesting, but we think the soft wheat will not offer pressure for any prolonged period. Meanwhile, of course, flour sales continue disappointing following the heavier bookings made a week or two ago. Beans were somewhat higher early, but lost some ground. Corn was also somewhat lower. There was a sharp break in rye on stop-loss selling. We think it is important to note that while the carryover is quite large, the free supply is no greater than last season. The crop outlook is good but this could be overcome if large export shipments are made under subsidy.

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CHICAGO, 4

July 28, 1958

On Friday the Senate passed a limited farm bill, and in some quarters it is believed that the House will approve it in substance, and that it will also be favorably looked upon by the Administration. The bill provides a choice of three different support floors after an interim period for cotton, rice, and corn, stipulating that farmers would receive whichever support level was highest. The government would guarantee either 90% of the average price for a preceding three-year period, or 60% of parity, or specific price minimums. The bill provides that the new support would be effective for corn in 1959. For feed grains the bill would permit the Agriculture Secretary to set supports at his own discretion down to 60% of parity where no minimum is guaranteed now.

There were some traces of rain over the week-end in our spring wheat states and also some across the border. Rather heavy rains occurred in a few spots in the Southwest and also in southern Illinois, but it is now estimated that around Springfield, Illinois, where rains were the heaviest, there is about one-third of the wheat and oat crops left in the fields.

According to a ticker dispatch quoting the USDA, a preliminary estimate of Prairie Provinces' production, the wheat crop in Canada is placed at 300 million bu compared with 450 million average during the past five years. We have always pointed out that wheat is an extremely hardy plant and has great recuperative powers. A letter received this morning from a well posted Canadian grain man mentions that the heavy rain which occurred in Western Canada last week, and which was the first good general rain in that area this year, has proved of great benefit. This was particularly true in Saskatchewan, where crops were suffering from lack of moisture. Further reports state that Alberta, with the exception of a few areas, has continued to make excellent progress, and that in Manitoba due to earlier rains an amazing recovery has taken place, although there has been permanent damage from earlier lack of moisture. Once more it pointed out that it is quite difficult to make estimates on crop conditions in Western Canada at too early a date.

Broomhall, reporting from Europe, states that apart from lateness in many sections, crops in Europe show good progress. The main need now is for warmth and sunshine to stimulate crop development. It is thought that France may have an exportable surplus of around 2 million tons. Recent rains have benefited a large area of Australia but were light in character and additional moisture is wanted to permit completion of planting and for germination. It is indicated that there will be an expansion in the wheat acreage of that country.

While price levels have moved up substantially in the Southwest, there is still a tremendous tendency for farmers to hold back marketings, not only withholding wheat acceptable for the loan, but also, retaining ineligible and penalty grain. This holding tendency is undoubtedly greatly responsible for the marked absence of seasonallyheavy hedging pressure, which would normally follow a crop of such dimensions as is being raised this year.

There were 953 cars of wheat in Chicago today, of which only 21 were for CCC. At the opening there was large hedge-type selling which gave us lower prices, but later in the session there seemed to be a fair amount of buying on part of commission houses and locals which rallied wheat. However, best prices failed to hold. Flour business was slack over the weekend, with few sales of any consequence being made. Beans derived strength from a Washington statement which stated that USDA officials find in the soybean stock position report a rather bullish market influence, concluding that Iowa stock position increase is mostly for CCC account, and is sealed off the market until the market price of beans reaches the statutory resale formula. The withholding is developing tightness. It is also expected that 70,000 tons of oil may be sold for export this week.

Stocks of wheat in Chicago this morning showed an increase of 2,831,000 bu, bringing the total now to 7,122,000 bu. Changes in corn and oats were very nominal. Rye decreased 428,000 bu, but the afloat stocks increased 379,000 bu. Beans decreased 1,059,000 bu, leaving a balance here of about 5 million bu.

Primary receipts of wheat today totaled 7,797,000 bu vs 6,142,000 bu a week ago, and 6 million bu on comparable day of last year.

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CHICAGO, 4

July 29, 1958

According to some authorities, the federal budget is already heading for the $80-billion-plus level for the next several years without counting probable new costs arising from the Near East situation. The deficit of $10 billion or more is in the cards for the current fiscal year, and further sizeable deficits can be expected. An inevitable result will be more inflation and a dollar that will buyless. Yesterday, President Eisenhower asked Congress to boost the national debt limit by $8 billion to $288 billion for the next two years, and also, has requested that the permanent debt limit now set at $275 billion be hiked to $285 billion.

At the International Wheat Surplus Utilization Conference, held last week, Assistant Secretary of Agriculture Don Paarlberg pointed out that during the period that Public Law 480 has been in existence, we have exported 545 million bu for dollars as compared with the movement of 748 million bu under the various authorities provided under P. L. 480, and an additional 199 million bu under Section 402 of the Mutual Security Pact. In other words, during this period not a bushel of U. S. wheat has moved into export without some form of government help. He points out that most of the wheat which moves under our special export programs goes to countries which lack dollars with which to buy all the wheat they need. 65% of the wheat exported under the various titles PL 480 has gone to countries which also have received dollars from the U.S. government.

The economic recovery of West Germany since World War II has given that country the most favorable dollar balance in Europe, and has made it the U.S. farmers' third best foreign customer. In 1955, West Germany's farm imports from the U.S. totaled $294 million, while by 1957 it had increased to $528 million, or 79%. Today that country's food output meets about two-thirds of the need in terms of calories, or approximately the same as before the war. This is no small achievement in view of the fact that the population isnow 53 million, or one-fourth above prewar. The loss of East Germany deprived the country of its finest agricultural lands that always produced asurplus of farm products. West Germany is handicapped by a rough typography and a relatively poor soil. Two-thirds of the area is either mountainous or hilly, thus imposing limitations on land use and farm organization. However, West Germany has done much to overcome the obstacles and boost its agricultural production. Many farms are too small for profitable mechanization.

According to a dispatch from Winnipeg, the Saskatchewan Pool Elevator report was more favorable than had been expected as it showed some improvement, whereas trade was expecting that last week's weather would have caused some deterioration. From our own Northwest we hear that harvest in most of the spring wheat territory is still one to two weeks away. For the area as a whole, the quality and yield of small grains continue to look a little better than last year, with some areas indicating the best yields ever recorded. Receipts of wheat in Chicago today were 235 cars, and about one-half million bu by barge and truck. However, we understand that new bookings were very light overnight. Wheat had a strong undertone throughout the session. Traders were impressed with the way hedges were absorbed yesterday. According to The Southwestern Miller, hard and soft winter flour demand holds its narrow level, although some pick-up in spring flours.

The visible supply figures, which were not included in our letter yesterday, showed an increase in wheat of 11,603,000 bu, bringing the total to 348,245,000 bu, or approximately 21 million bu more than a year ago. Free stocks of wheat in Chicago increased during the week almost 3 million bu, and now total about 4 3/4 million bu. Free corn stocks in this market total 1,171,000 bu. Overnight the CCC accepted subsidy bids on about 150,000 bu corn. There were no rye bids. Primary receipts of wheat totaled 8,660,000 bu vs 2,852,000 bu a week ago, and 3,932,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 136,000 bu.

The government weekly crop report states that continued cool weather over the Corn Belt was unfavorable for optimum growth. Since early June cool, cloudy, wet weather has prevailed over central and southern portions of the Belt, with moisture adequate to excessive throughout the region.

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CHICAGO, 4

July 30, 1958

In many respects this has been a very abnormal season for weather, and we have had no prolonged dry spells during the last six or eight weeks. In fact, Des Moines, Iowa shows that for the month of July, they had nearly 10 1/2 inches moisture, which is a new record for this period over an era of 80 years. Other parts of the country also had unusual conditions. It is very seldom that farmers ask for sunshine and heat during July, but in many instances this has been the case during the current season. Despite all this, wheat still promises, together with the carryover, to give us a record supply for 1958. It is doubtful whether the August crop report will show a reduction from the July figure of 1,343 million bu covering winter and spring wheat, and if this is borne out, it would be two-fifths greater than last year's crop and would be the second largest of record. There are some variations, of course, with the durum wheat yields down sharply from last year, and actually the third smallest in the past two decades. The soft winter wheat types do not show up too large in comparison with last season, but the heavy production in the Southwest will give us a much larger hard winter wheat crop than last year, and taking winter wheat alone, it is a record for all time. Thus we are assured that the carryover stocks of wheat next July 1st will be larger than they were for the same date this year and will probably hit a new high. Domestic use in 1958-59 is estimated at 593 million bu, which is about the same as a year earlier, but exports may be down somewhat because of improved crops in Europe, although with the recent turn of events one cannot be entirely certain on this question.

Broomhall reports that because of poor weather conditions in France his correspondent has scaled down his previous wheat estimate by 1 million tons, and thus the exportable surplus from that country may only be half as great as was figured a few weeks ago. Other countries may also have sustained some losses.

Here at home we find that the peak of the soft winter wheat movement is over. Crops were late in being harvested, and for a time local mills were quite worried about getting their supplies. Now they seem to be a little more comfortably situated, but still we find that Chicago free wheat stocks are still about 7 million bu smaller than last year. So we have some distance to go before we catch up. A good many people still feel that we may accumulate 15 million bu free wheat between now and end of September, and this is possible but not completely certain.

Overnight Japan was reported to have purchased 1 1/2 cargoes of American wheat and 3 to 4 cargoes Canadian wheat, together with 5 cargoes of American barley. Some subsidies were granted to exporters by CCC on corn, although amounts were not especially heavy, and there were no rye bids.

According to the government weekly weather and crop report, 75% of the Illinois wheat is harvested and about the same in Iowa, but only 40% in Indiana; 55% of the oats have been combined in Illinois and Iowa but only one-third in Indiana. Corn was 55% tasseled in Illinois and Iowa, 35% in Indiana, and 20% in Minnesota. Soybeans were 60% in bloom in Illinois and 40% in Iowa.

Primary receipts of wheat were quite heavy at 5 million bu which compared with 2.5 million bu last week and 2.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 557,000 bu.

Trade was not particularly heavy but wheat prices did not hold a slight bulge that occurred early, and while there was not too much hedging pressure there seemed to be some selling following the advance of yesterday. There was a little buying for mill account, but quantities were not very heavy so that fractional losses occurred, and commercial business in the pit was otherwise unimportant. The Illinois weekly crop bulletin spoke of general optimism for both corn and beans with the condition above average and far better than last year. For Iowa, weather had been favorable for the harvest of oats during the past week while the growth and condition of corn was good to excellent although its development continued to fall behind normal. They went on to say that with ample to surplus moisture supplies available in most areas, some warmer weather could give the crop a "hot-house push" enabling it to approach more nearly a normal level of development. Beans were somewhat weaker and the nearby meal future was also under pressure with oil prices also lower. Rye was lower, but the market was somewhat neglected and there was no particular feature in that pit.

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CHICAGO, 4

July 31, 1958

After the close of the market yesterday, the Department of Agriculture announced that they would extend the price support program to include sprout-damaged and light test-weight wheat. In relaxing their program the action was similar to that taken last year. The eligibility provisions were broadened to make price support more generally available to farmers and to prevent a demoralized market for this quality of wheat and to encourage more orderly marketing. Previously they were only making loans on wheat that graded # 3 or better or on grades of No. 4 and 5 wheat on test-weight only.

It seems that the continued rains, whichhave delayed harvesting operations in Ohio, have caused considerable sprout-damage and could also result in lighter weight wheat. The natural result was a little firmness at the opening this morning, particularly as we had reports of widespread rains overnight, and the weather map is still quite unsettled. At Springfield, Illinois, there was nearly 2 inches moisture, and it was raining hard at Bloomington and in other parts of central and southern Illinois. Kansas City had 4 1/2 inches rain overnight and this extended also to other parts of Missouri, with the result that several creeks were out of their banks, some highways were closed, and this is coming at a time when warmth and sunshine would be more welcome. Kansas also had heavy rains with almost 1 1/4 inches at Salina but as far as we can tell, this is not doing much damage but it is retarding crops. Corn futures were higher but the fact that there is very little corn coming to Chicago may have also had some bearing.

The weekly government report on Canadian crop conditions showed further improvement in Manitoba, while prospects in Saskatchewan are for an average crop, and while conditions have improved yields on the whole will probably be below average. In the Province of Alberta, the outlook varies from fair to very good, although the outlook in some eastern sections and parts of the Peace River Valley is poor.

Our market at the moment is suffering from the fact that commercial demand has slackened. Mills on the whole seem complacent and there has been surprisingly little buying to replace usage of the past month. In the export field, we do not hear of any large commitments being made. According to Broomhall, wheat and flour shipments during the past week were a little under 5 million bu, and since July 1st have totaled 23.5 million vs 32.2 million a year ago. Our corn clearances for the week were 1 1/2 million bu, and since October 1st have amounted to 143 million bu compared with 129 million a year ago. We heard from the East that Germany would buy 16,000 tons wheat tomorrow and U K was reported to have bought some parcels of corn today.

Primary receipts of wheat were a little heavier and amounted to over 5 million bu, which compared with 3.1 million bu last week and 2.5 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 721,000 bu.

We had some weakness in wheat early, but it was not accompanied by any heavy selling. Overnight flour bookings were small, and it is difficult for many traders to get very bullish when they see the enormous crops that have been raised, together with the big carryover. On the other hand we are convinced that we shall be paying more attention to artificial factors later on as impoundings increase. After mid-session there seemed to be a little buying in all pits, and unquestionably the wet weather was responsible for the upward trend in corn and in beans. Oats also sympathized, and there is little doubt but that we are getting heavier rains now than are needed. However, most reports still tell of corn looking wonderful in spite of this situation. In east Kansas and parts of Missouri some of the uncut wheat is beginning to look pretty bad, but of course in those areas the unharvested quantities are not so important. Meal, which had been quite weak for several days, turned today, and this may have caused a little friendlier sentiment in the bean market. There was also some commercial buying by one of the processors. Rye was not particularly strong, but it also had a better undertone. There was, however, a slight widening between the September and December difference, and it remains to be seen whether there will be large tenders next month. Late in the session Poland was said to be in the market for 5 or 6 cargoes of red wheat, and that may have had some market influence.

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After the [illegible] of the [illegible] wheat [illegible] improvement of [illegible]

[illegible] No. 4 [illegible]

[illegible] The [illegible] wheat [illegible] Manitoba [illegible] parts of [illegible] wheat [illegible]

[illegible] this is not doing much [illegible]

[illegible] In the Provinces of Alberta, the outlook [illegible]

[illegible] wheat [illegible] 3 million bu., and since [illegible] million bu. [illegible]

[illegible] Liverpool [illegible] 1,000,000 bu. [illegible]

[illegible] wheat [illegible] corn [illegible]

[illegible]

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CHICAGO, 4

August 1, 1958

Yesterday afternoon parity prices were published and there were no great variations during the month, although wheat was up a cent at $2.44 for mid-July. Increases for food and clothing offset slightly lower quotations on building materials and new cars, which left the index of prices paid by farmers for family living at about the same level as the month before. The index was, however, about 2% higher than a year ago.

Overnight there were some heavy rains in western Kansas but the moisture was not excessive in central and eastern parts of the state. Bloomington, Illinois reported half an inch of rain, but according to the 5-day forecast, clearing conditions are setting in and temperatures should be near normal. With this situation there was some selling after yesterday's advance to give us a lower opening.

The feed grain production this year, based on July 1st indications, will total 134 million tons. This would be about 6% below the record crop of 1957, reflecting a comparable drop in total acreage, but the total carryover of feed grains is expected to increase to around 61 million tons, which would be up 12 million from last year and would then more than offset the indicated drop in production. On that basis we would have another record supply of feed grains and other concentrates for the 1958-59 season, and it would exceed slightly last year's big supply. While rains have retarded the growth of corn the same factor has been very favorable for hay crops and pastures. According to USDA, average prices received by farmers for corn probably will decline seasonally over the next few months. The seasonal low in prices probably will come earlier this year than in 1957, if weather is nearer normal. The drop may not be as great as last year when high moisture content lowered corn prices. Harvesting of oats and barley has been delayed in areas of the mid-West and the seasonal decline in price of these grains probably will be a little later than normal.

The new export program for oats, barley, sorghum grain, and rye began July 1st. Under this program exports are being subsidized through payment-in-kind made from CCC stocks. This program is on the same basis as the corn export program, which has been in operation since May 12th. Through July 18th, bids were accepted for export of about 31 million bu corn under the program at export payments which ranged from 10 to 25¢ per bu.

The Santa Fe crop report was quite favorable and told of completed harvesting operations except where delayed by wet weather, especially in northern Kansas, Nebraska, Missouri, and Illinois. Otherwise they say that weather conditions have been most ideal for growth of sorghums, corn, and soybeans.

Broomhall reported some flooding conditions in Australia due to recent heavy rains although these have subsided. Stem rust has appeared in the far northern sections of New South Wales and in southern Queensland. Fears are expressed that it may spread southward. The outbreak of stem rust is greater than usual at this time of year and isaffecting both young growths and more advanced crops.

Primary receipts of wheat were smaller today at 2.3 million bu, and Chicago elevator interests did not report buying any wheat. On the contrary some of the mills were picking up a few cars from the cash tables. Last week primary receipts were 4.5 million bu and last year, 2.4 million. Kansas City and Minneapolis stocks so far this week show a total increase of 915,000 bu. When the visible supply is posted on Monday, it will compare with last year's increase of 15.6 million bu.

All markets were a little reactionary today and the main factor was better weather which seems to be in prospect, but bookings of flour are very small, and commercial business in the pit was extremely light. We also heard from the Northwest that it is the general opinion that the next estimate of the spring wheat crop will show quite an increase and a figure of 240 million bu is heard. This would compare with the last government estimate of 213 million bu. Rye also has improved. One of the processors bought November beans again, but there was a fair amount of local selling and the market was weaker. July wheat came on the board this morning for the first time, and some trades were made at 7 1/4 under May, but later the difference widened. We think that this tendency will continue for the reason that the free supply of wheat at the end of the season might be very small again.

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CHICAGO, 4

August 4,1958

1958 marks the 20th anniversary of the wheat loan program. For a time it was regarded as a great success from point of view that almost every year since its inception until 1955 the national farm loan was raised, and until 1952 the carryover reserves had never grown to a point which seriously menaced the program and caused the burdensome accumulations with which we are now dealing. In 1938, the wheat loan at the farm level was 53¢, and in its first year 85.7 million bu were placed under support. We were then just emerging from four successive drought years, during which period we were just about producing enough wheat each season for our domestic consumption. By 1937, copious rains had fallen and we raised a wheat crop of 874 million bu; ever since that time farmers have been raising more and more, and putting greater quantities into the loan. We have no doubt that the framers of the loan concept were serious, but it takes more than this attribute to attain success. We recall a statement credited to Robert Hutchins, former Chancellor of the University of Chicago, who said that the monkey wears an expression of seriousness which would do credit to any college student, but the monkey is serious because he itches. It was not foreseen in 1938 that technological improvement would give us the tremendous crops that we are harvesting today. This season's winter wheat crop is estimated to yield 27.1 bu per acre, or twice as much as was produced per acre of land in the base period, 1909 to 1914. Despite this, the loan is still computed on basis of a bushel of wheat rather than on an acre of land, which currently is producing twice as much as it did in the so-called "Golden Era" when farmers' production was in proper balance with spending. In 1953, there was more than 557 million bu wheat impounded, clearly indicating farmers acceptance of a program that gave them a better return through government help than in the market place. This season we believe impoundings may show up well in comparison with that year. The loan today is 3 1/2 times as high as it was 20 years ago when the program first started, even though somewhat reduced.

Weather over the week-end was clear almost everywhere. Temperatures were also nearer normal and the forecast continues good, with only scattered showers expected here and there. Under these circumstances corn and beans are developing well and given a few more days of sunshine some of the wheat still uncut may be gathered. The Searle Grain Company, Limited precipitation report from Canada spoke of many districts which did not share in the rains that fell a week ago and are now feeling the need for more moisture. At best their crop will not be a big one. The 30-day weather outlook for the U.S. anticipates normal or better moisture over the eastern half of the nation, and also west of the Continental Divide. Small amounts are indicated for the Southern Plains and near normal for Northern Plains.

Chicago buyers did not purchase much wheat over the week-end although today's receipts were about 2 million bu and are approximately one million less than a week ago.

The House Agriculture Committee voted on Friday for a farm bill that would eliminate all acreage allotments for corn next year. Unlike the Senate version, it would give commercial corn belt farmers a choice in a referendum this winter as to whether they wanted the new program to continue under the present setup.

Chicago wheat stocks showed a big increase of nearly 5 million bu, so that we have a total of 12 million bu here of which probably 9 to 9 1/2 million bu is free. The Chicago corn stock showed only a small decrease, but the free quantities are still small. Oats increased 1.3 million bu locally, but still there is only 2.2 million bu here in Chicago. Rye showed little change, but beans declined over a million bushels, leaving 4 million bu here.

September beans were a little firmer today in relation to the deferred months, but the whole market was not particularly weak and there were some recoveries from early selling. Wheat showed a firm undertone, and there appeared to be some mill buying which offset hedging by Northwest interests. Flour bookings over the weekend were extremely light. There was also some local buying of wheat, and the distant futures held a little better than September. This may be due to the fact that we are accumulating a considerable quantity of yellow hard wheat in Chicago which is least desirable for milling, and should there be tenders of this grade on September contracts it might cause the carrying charge to widen a little further. Corn futures were quite weak and the present weather is about ideal for growth and development.

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CHICAGO, 4

August 5, 1958

There was not too much grain news overnight. Weather has been generally favorable for the best development of corn and beans, but the important news came about half an hour after our market opened, when the Galvin crop production figures were published. This expert increased the yield of winter wheat very considerably, and also raised the spring wheat estimate to nearly 265 million bu, all of which is indicative of what can happen on a small acreage when technological factors are fully utilized, and when we get propitious rains, which was the case this season. Total wheat production is estimated at 1,450 million bu. Not only is this the heaviest production figure that has ever been attained, but when we add to it a carryover reserve of 880 million bu, it gives us a total domestic supply, without any imports, of 2,330 million bu, which is practically enough to take care of four years domestic consumption without raising any more wheat during the next 3-year period.

At first sight these statistics are so overwhelming as to tax the imagination and to make one ask how we shall ever get rid of these accumulations. We know, of course, that the bulk of the wheat carried into this crop is in government hands, and we may further assume that with heavy impoundings, stocks of free wheat will be greatly lessened, but as an offset it is quite conclusive that neither the Soil Bank nor other artificial measures have done very much to cut our production. It justifies Secretary Benson's view that high supports are untenable, and we believe that both the Farm Bloc itself and other legislators will finally have to come to this thinking in trying to correct the mounting supply picture, which has been with us since 1951. When we further consider that in the ten years prior to the war, our average wheat crop amounted to only 740 million bu, today's estimates are even more clearly emphasized.

Galvin's estimate of the corn crop is for a yield of 3,378 million bu, which is not a record but comes on top of a carryover which will probably be in excess of 1.5 billion bu, which is a record, and this gives us a problem in feed grains also, particularly as oat production is also very heavy, with a crop promise of 1,463 million bu compared with a 10-year average of only 1,294 million bu. If the bean crop measures up to the 527.2 million bu that was estimated today, it, too, will be a banner year and will compare with last year's crop of 480 million bu, which had been the previous high. The August 1st condition is 88% of normal or a percentage rise of 6 points from last season. The crop outlook is generally good, and, of course, the acreage is also heavy, with more acres planted than ever before in history. The past month was cool and wet and spring wheat made a remarkable recovery under these ideal weather conditions, which permitted heads to fill perfectly.

Nobody can tell accurately at this juncture how heavy exports of wheat will be but we may do well if we reach last year's figure, which was in the neighborhood of about 400 million bu. Thus it is a certainty that if our total domestic disappearance, plus shipments amount to a billion bu, we shall be faced with a carryover reserve on July 1, 1959 of about 1,330 million bu, which would be a new high for all time by quite a large margin.

There was some scattered selling in all pits and we would say some rather heavy liquidation in December corn. Despite the enormity of the crop, Chicago firms did not buy much wheat from the country last night and a holding tendency still exists.

Primary receipts of wheat amounted to 6.8 million bu vs. 8.6 million bu last week and 3.6 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 358,000 bu.

The wheat market was rather quiet considering the fact that today's estimate of winter and spring wheat was 106 million bu larger than the government figure, and actually there was a range of only 3/8 to 3/4¢ per bu for the various futures. In Canada reports indicated that over the long week-end, including yesterday's holiday, temperatures had been quite high, with practically no moisture.

Corn prices were somewhat lower. Beans were weak early and while the estimate for a bumper crop brought in some selling, this was followed by a recovery, which brought new-crop prices close to the previous day's closing. In wheat total stocks are 12 million bu, and deducting 2 1/4 million bu, which is CCC-owned or under loan, we figure that the free supply is about 9 3/4 million bu.

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CHICAGO, 4 August 6, 1958

It is interesting at times to muse over our agricultural exports to see which countries serve us best, and also to follow the distribution of the various articles that are in demand. The U.K. is still our number one foreign market, and it is also largely a dollar-market. Last year, shipments to that country had a value of $501 million. The chief gain over the year before was in cotton, but the dollar value of wheat fell from $61 million to $49 million, which is not surprising as her chief supplier is Canada, while Britain also takes some quantities from Australia and other Dominion countries. Our exports last year to Japan reached a new peak and she continued as the second most important foreign outlet, moving up from $392 million in 1956 to $455 million in 1957. The principal rise in shipments to Japan was in cotton, but wheat shipments also mounted from $67 million to $84 million, while purchases of soybeans rose from $51 million to $61 million.

Our third best customer is West Germany, which is also largely a dollar-market, and shipments to date mounted to $411 million in 1957 but here again wheat was a small item in comparison to the total, and our shipments to that country dropped from $50 million to $41 million. India also became one of our best customers, and she rose from 13th to 5th place as a market for U.S. farm products. The biggest single rise in 1957 over the previous year was in food grains, which rose from $42 million to $198 million, and wheat alone jumped from $36 million to $177 million. Latin America is still accounting for 13% of U.S. agricultural exports, and those countries rose from $524 million in 1956 to $576 million in 1957. Our agricultural exports to Africa declined from $121 million in 1956 to $83 million in 1957. This was due mainly because of smaller wheatshipments to Egypt, which last year fell to less than $2 million. Canada, which takes about 8% of U.S. farm products, is the fourth largest foreign market for our goods, and her chief interest is in cotton, fruits, and vegetables. She does not participate in any U. S. program, and all purchases are on a cash dollar basis.

There was not too much grain news overnight. Some showers had fallen in Kansas and the map looks unsettled, with probably more rain to follow. It is also expected to spread over the corn belt states, and we have had a few reports of rain already. The Illinois weekly crop bulletin spoke of corn and soybeans growing rapidly and that the general condition was well above last year and the average. About 80% of the corn fields have tasseled and about three-fourths of the soybean crop is blooming and 55% is podding, which is about average. Wheat is about 95% combined, but there are some reports that wheat and oats have started to sprout in the fields.

The Saskatchewan Pool indicated a wheat condition of 88 compared with 83 last week and 94 a year ago. Oats and barley likewise showed improvement.

There was again some hedging in wheat but this was more than offset by heavy buying on part of a commission house, which took the slack out of the market.

Primary receipts of wheat amounted to 3, 228, 000 bu, which compared with a little over 5 million last week and 2, 345, 000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 674, 000 bu.

The buying that took place early was followed by further hedge lifting and it seems that there must have been a fair amount of flour business worked. This had more influence on the outside markets than on us. Minneapolis prices were up about 3¢ a bu, while at Kansas City there was an advance of nearly 2¢. In any case this seemed to be the main stimulus today and overcame what hedging there was, which in our opinion was on a smaller scale. There was some local selling of August soybean meal, which ran the market into stops, although our advices from Decatur were to the effect that there is still a possibility of a strike. Soybeans were under some pressure of liquidation but the market was not broad. However, the fine crop outlook is having a little more influence, although pressure is not heavy, and we find that there are only about 3 1/2 million bu free beans in Chicago.

Corn was rather indifferent although the September delivery seems to be gaining on the new crop months, and as near as we can judge there is only about 800, 000 bu free corn in Chicago, so that a tight situation could develop, particularly as we do not expect that the government will sell its holdings which amount to about 20 million bu in this market. New crop futures may at times be a little influenced by tightness in September, although prospects for a fine crop are obviously being watched and seem to be having their market influence.

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CHICAGO, 4 August 7, 1958

After the close of the market yesterday, the House rejected a farm bill aimed at a downward revision of support standards for corn, cotton, and rice. Actually the vote was 210 to 186 for the bill, but a two-thirds margin was required under procedure, which had ruled out amendments. There is, of course, the possibility that some further action may be taken if amendments are offered, or it might even be that the Senate version would be accepted by the House.

It is rather interesting to note that a magazine called FARM AND RANCH sent out a large number of questionnaires, and the returns from over 2,000 readers were reported in their July 1958 issue. The results were as follows: 87.5% voted that farming should return to a free supply and demand system as soon as possible with minimum government control; 73.1% voted that government should not guarantee support prices at 90 to 100% of parity and control production on major crops; 72.2% voted that cooperatives should be taxed, nationally and locally, on the same basis as corporations. We mention these statistics because we assume that the readers of FARM AND RANCH are interested in agriculture and may be representative of the thinking of people who are well versed in the field. There were other interesting votes on matters not pertaining to agriculture and in practically all instances there was the feeling that the government should get out of business. As for example, public utilities should be developed and operated by private companies instead of by the government. Also, that the states should run their own schools without any interference from federal government and that federal aid to schools shoudl be stopped.

Before our market opened this morning, we had word that a large flour business has been consummated yesterday afternoon, and we would not have been surprised to have seen a large number of hedges lifted. This, however, was not the case, and possibly flour mills protected themselves earlier, and as we not ed there was a good deal of buying of wheat futures during yesterday's session. There were also 8 cargoes wheat sold to India and 3 to Poland and against this one export firm in particular was a good buyer of September and December wheat. There was also some commission house buying, which may have been for otherparties participating in this business. Nevertheless, markets were only fractionally higher at the opening and the volume of trade was not particularly heavy.

We had reports from Winnipeg that some showers had fallen overnight in Northern Alberta but otherwise no moisture reported in that country. However, weather there continues cool. There were reports that more rains had fallen in the U.K. and that harvesting operations were beingdelayed in that country.

Primary receipts of wheat were 3,763,000 bu vs. 5,012,000 bu last week and 2,298,000 bu a year ago. So far this week Kansas City and Minneapolis wheat stocks have increased 827,000 bu.

According to The Southwestern Miller, flour business was heavy overnight, but below expectations of most mills. One or two chains booked hard winters for flour to 5 months but at least two other chains are still on the sidelines. Spring wheat mills did a considerable volume but there, too, the total was materially behind trade hopes.

Markets were firm from the opening although there was no particular feature. Spot corn sold at 10 over the September, about 1¢ higher than yesterday, and corn was alsosold out of Chicagoto go to the Atlantic Seaboard for export. In addition, a good amount was sold via the lake yesterday to go to bay ports. Early indications were that cash wheat in Kansas City showed the basis about unchanged. Spain was reported to have purchased 50,000 tons soybean oil for shipment during August-September, and the oil market was slightly higher. Soybean meal encountered some selling pressure, with the market running into some stop-loss orders, causing a rather sharp break. However, rallies from the low pointsbrought about some recoveries. Bean futures were also firm although best prices were not maintained.

Buying of an investment nature, together with lackof hedge selling, gave the oats market a strong tone.

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CHICAGO MERCANTILE EX.

August 8, 1958

According to a USDA review, the over-all chances are good that 1958 crops will get under cover, despite the prospects of a record winter wheat crop, a near-record barley crop, and abundant production of other crops. A survey of storage capacity on farms in eight important grain states: Colorado, Illinois, Kansas, Minnesota, Missouri, Nebraska, and North and South Dakota, showed there are facilities in these states to store on farms about 2 1/2 billion bu small grain and 1 1/8 billion bu of ear corn. In addition producers in these eight states intend to add more than 100 million bu storage capacity during 1958, and there is much evidence that additional building is the trend in other unserveyed areas. Commercial storage for grain also has increased. From 1954 to late 1957 more than 625 million bu of capacity was added, bringing the nationwide commercial total to about 3 1/2 billion bu. This may be increased by at least another 300 million bu during 1958. All this points up to the fact that not only is grain storage room on the increase, but also, that as a consequence of this trend the effectiveness of the government loan programs is destined to become more pronounced.

Another USDA report states that U.S. agricultural exports in the fiscal year 1958 tied for the second highest on record, reaching an estimated total of $4.1 billion in the fiscal year ended June 30th. This compared to the all-time high record export value of $4.7 billion reported in fiscal year 1957. Feedgrain exports rose 21% in fiscal year 1958 to a record total of $400 million, while soybean exports climbed to a record $215 million, up 10% over 1957. Declines in exports of cotton, wheat, and rice made up about four-fifths of the 14% decline in total exports from 1957. Last year's record wheat crop in Europe primarily accounted for the drop in wheat and wheat flour. Agricultural exports under special government programs declined 36% from 1957 and most reduction was in barter sales and foreign currency sales under P. L. 480. The share of exports outside special programs advanced from 59% in 1957 to 69% in 1958.

When the market opened prices were slightly lower. A sharp break had occurred in soybean meal, particularly the nearby contract, which probably occasioned some selling of beans. However, oil futures were slightly higher. There had been some heavy rains in central Illinois and temperatures are quite hot in the northwestern states. During the next five days the corn belt areas are not expected to have temperatures much over normal. Selling of corn occurred on a report that there may be a change in CCC policy concerning the disposition of corn. According to the report, after August 1st, the take-over time of loan defaulted corn, the federal agency is expected to sell high moisture corn and all corn grading #3 and lower, including kiln-dried corn. In short, only top quality keeping grades would be held in permanent storage and other supplies would be sold.

A report from Winnipeg stated there was little or no rain in Western Canada and temperatures all across Saskatchewan were in the high 90's, with the same pattern of weather expected today. This weather will hasten maturity of crops but may reduce yields. Export business from Canada included some parcels of barley and some flax also may have been worked.

In U.S. export circles the only business reported concerned some parcels of corn and barley to the Continent. According to Broomhall offerings of French wheat to the U.K. were withdrawn owing to the uncertainty of this year's harvest. Estimates of the crop had been scaled down from around 11 million metric tons to 9.6 million metric tons. The same source mentions that latest advices from Turkey confirm the recent much less optimistic crop comment, and the wheat crop is expected to fall well below earlier expectations.

According to The Southwestern Miller, flour business is drying up rapidly. Considerable additional hard winter flour was booked by chains and independent bakers early yesterday but the pace slowed abruptly later in the day. Spring mills also noted a correspondingly sharp decrease in activity on their first selling rush for new crop shipment.

Weakness in September corn was the feature in that market although the market rallied from the low point. Spot corn traded from 10 to 11 1/4 over compared to 10 over yesterday. Soybean meal recovered somewhat from the early sharp break, and rallies also occurred in wheat,beans, and rye.

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CHICAGO, 4 August 11, 1958

Before long Congress will adjourn, and there is no certainty that we shall have any agricultural legislation before the fall elections. In all programs that have been enacted up to the present time, technological revolution has always been completely ignored. The time that farmers need help the most is when crops are small and when evenhigh prices would not be much salvation to their problem. For example, if we take an extreme case, suppose that a farmer raises no wheat, then even a high price support of $10 per bu would be futile gesture on part of the government. All farm programs ignore the hardships of drought, flood and frost, and obviously what may be good for one producer would not necessarily help another. Most of our programs have totally ignored the fact that basic commodities, which have always received the greatest attention, bring in less than one-fourth of farm cash income.

Legislation has ignored the fact that the larger farms are able to help themselves to a much greater extent than the smaller ones. We have in this country about 2 million farms that produce over 90% of all the farm products sold, and most of the benefits of our price and income stabilization programs accrue to these farms. There are about 2.7 million farms that produce less than 10% of the total products sold, but unfortunately the operators of these smaller farms receive little help, if any, from support programs, and besides a good many of the farms in the latter category are not fully productive. To enact one program in an effort to cover the whole agricultural industry seems to be a rather unsolvable task, and we have yet to see a solution applied by government that will give us the desired results. When we look at the surplus of wheat and corn we wonder how anyone could honestly formulate a program for solving the problems that have arisen, particularly as the American people would never stand for a "Boston Tea Party" or for the destruction of crops such as occurred in Brazil years ago when coffee was burned in order to reduce the accumulated surpluses.

Before our market opened there was not too much news to guide it. Weather over the week-end had been mostly favorable, with not much rain anywhere, except possibly 1 1/4 inches at San Angelo, Texas. The forecast, however, is for scattered thundershowers, while in Canada they had some rather high temperatures in the drought areas of the west, but nevertheless the wheat crop is turning out better than had been earlier anticipated. National Grain Co. of Winnipeg comments that the first wheat crop figures are in the range of 300 to 325 million bu, which is not a large crop but under the circumstances very acceptable. The Chief Commissioner of the Canadian Wheat Board figures that this year's crop may show a decrease of 75 million from last year's final yield, and that it will be among the lowest in recent years. However, he said that the crops of oats and barley would be influenced to a greater extent by the drought than wheat. Word came from Decatur that the strike had been settled but this did not seem to have much influence on the bean market, which was lower mainly due to satisfactory crop conditions.

Chicago wheat stocks for the week increased 4 1/4 million bu, and this had the effect of widening carrying charges and the difference at one time between September and December went to 6 1/4 to 6 3/8.

There was no great comfort today for anyone long wheat, and prices are only a few cents from the season's low. Flour sales were limited and following last week's business we might be in for a stretch of quiet. Commercial trade generally was very dull, although India was in the market for a cargo of milo, and an exporter in the East was said to have sold Japan a cargo of beans for December shipment. The deferred months held better than the nearby. Corn and oats were influenced by the fine crop outlook, and this is expected to be confirmed this afternoon when the government report is issued. Chicago corn stocks decreased more than 1 million bu, leaving a total of about 20 million bu here. Rye stocks showed very little change, but beans decreased 729,000 bu, leaving 3.3 million bu in Chicago. In spite of this there was some weakness in the nearby delivery, and of course much will depend on whether or not new beans are available early in the season. We had heavy wheat receipts in Chicago today, although smaller than last week and two weeks ago. The primary movement of wheat was considerably larger than last year, but somewhat smaller than last week. Nearby meal prices showed great weakness.

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CHICAGO, 4

August 12, 1958

"Today's man is a kind of technological Adam, standing on the threshold of a new world of millions of discoveries. Each year from now on will see more technological change than formerly took place in a generation". -J. Lewis Powell.

Agriculture is feeling the effects of these technological developments and it now looks as though 1958 would be by far the nation's biggest crop year. Major gains during July are now evident for corn, oats, barley, spring wheat, and flaxseed. Relatively smaller but important increases are seen for winter wheat, hay, rice, and tobacco. All wheat and barley outturns are record large. Corn and hay crops are second largest, while oats, potatoes, and sugar crops are well above average. Pastures are best for the date in most memories.

Production of winter wheat estimated at 1, 171 million bu exceeds the previous record of 1, 065 million bu harvested in 1952 by 10%. The current estimate is 41 million bu above production expected a month ago and two-thirds more than the 707 million bu harvested in 1957. Production of all wheat is estimated at 1, 421 million bu, the largest crop of record. This is an increase of 77 million bu from the July 1st prospects, 50% larger than the 1957 crop and more than one-fourth above average. Prospective yield of 26. 5 bu per harvested acre is the highest of record and compares with 21. 7 in 1957 and the average of 17. 7 bu. Production of all corn is forecast at nearly 3. 5 billion bu, 5% above the July 1st forecast and 11% above average. The improved prospects from last month are due largely to continued ample moisture in practically all areas. The soybean crop of 536 million bu tops last year's previous high by 12%. Better than average prospects are general and high to record yields are expected in several leading states. All this has come about despite heavy rains, which brought some flooding losses. Oats fared well in the cool July days in most leading north central and northeastern areas. The result is total outturn well above average from the smallest acreage in nearly one-quarter of a century. A big sorghum crop is in prospect but with acreage cuts, the crop will be somewhat smaller than last season. The hay crop is estimated at 116 million tons, 5% below 1957 but 10% larger than average.

The fact that yesterday's report did not have much market influence at the opening this morning was attributable to the expectation that heavy production would be reported, and there were no great surprises.

In Canada, the Saskatchewan Pool figures showed small declines from the week earlier, but as we mentioned yesterday there now seems a likelihood that, despite adverse conditions almost throughout the season, the wheat crop will be about 75 million bu smaller than last year.

Primary receipts of wheat amounted to 5. 6 million bu which compared with 6. 8 million bu last week, and 3. 3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 700, 000 bu. The wheat visiblesupply for the week increased 17 1/2 million bu, to a total of 380 million bu, which is about 30. 3 million bu larger than last year. The corn visible decreased 1. 9 million to 77 1/2 million bu vs 112. 4 million bu last year. Here in Chicago the stock of free corn declined to 176, 000 bu, and the decrease for the week amounted to 675, 000 bu, so there is practically no free corn left here.

Our markets today accepted the government production figures in good stride. Wheat was actually higher after a little hesitancy early, and there was probably some buying against export sales to India. That country bought 3 cargoes of hard wheat via the Gulf, and also 2 cargoes of Pacific Coast hard wheat. Flour business was again very light, and the heavy business of last week has now put bakers in a more comfortable position. Soybeans were firm and there was narrowing of the spread between September and November beans, in spite of the fac t that Chicago stocks are declining. We find that there is only about 2. 8 million bu of free beans left in this market. The U. S. bean visible showed a decline of 1. 1 million bu for the week, cutting total stocks to 5. 3 million bu, but still there are about 1 3/4 million more beans in all positions that we had a year ago. Rye was firm, but there was no particular feature.

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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 August 13, 1958

It is true that since World War II we have been expanding our wheat shipments to non-European countries, and under various government programs have been quite successful in our efforts. The fact remains that as a geographic unit Europe is not only the world's largest wheat producing area, but is also the world's largest importing area. During the past several years Europe alone has taken about 55% of the world's wheat exports. It would have taken even more had it not been for governmental policies and programs aimed at a higher degree of self-sufficiency. During the same period Asian markets took 24%; the Western Hemisphere 14%, and African markets 6% of world exports. While our own wheat shipments have gallen off from the postwar period of 1947-48, when we were averaging 500 million bu per year in clearances, we have nevertheless, done pretty well and last year with wheat exports of about 400 million bu, we supplied 35% of the total. Canada supplied 27%, Argentina 8%, France7%, and Australia only 6%. These five countries accounted for about 85% of the world's wheat exports, while the balance came mainly from Russia, North Africa, Uraguay, the Danube Basin, and the Middle East.

Our role in the export market has varied a good deal from time to time. At the beginning of this century, when average world shipments were as low as 425 million bu, we were supplying, roughly, 50% of the total, but a quarter of a century later when average world shipments increased to 780 million bu, our participation droppedto 19% of the total atthat time. Canada, Argentina, and Australia gradually became more important as new lands were opened and their surpluses increased. From 1930, when the great depression first started, for a period of about 17 years, our average wheat exports were only 100 million bu annually, but ever since the end of World War II, we have been raising billion-bushel wheat crops with very few exceptions, andhave exported large quantities, thus reestablishing ourselves in foreign markets. It is necessary, of course, that we continue to do this, particularly as our domestic consumption is still not much larger with the present big population than it was in 1920, when there were only about 106 million people in this country.

The President spoke before the U N General Assembly, and laid before them a six-point program on the Mid-East situation in an effort to bring about unity in the Arab world. He again defended U S troop landings as an anti-aggression move that was consistent with the U N charter. He spoke only in general terms, and there were no great surprises in his comments.

Broomhall's European weather and crop summary spoke of crops being retarded in many western sections with interruptions in harvesting operations due to rains, claiming that most countries need a period of warm, clear weather to hasten ripening and cutting. The tendency in France has been to scale down ideas regarding theprobable wheat crop, and further setbacks are fearedunless weather improves. Welcome rains in Australia have been beneficial, but latest reports state that there is still a moisture deficiency in some localities. There is the possibility of a bigger wheat acreage in Argentina, although some people believe that the more attractive guaranteed price forother crops will cause considesble diversion of acreage. Overnight Japan bought two cargoesof Pacific Coast wheat, but there was very little commercial business in our pit today. Mills did only a small flour business, and for the next few weeks we expect a period of quiet.

Primary wheat receipts amounted to 2.8 million bu vs 3.2 million bu last week, and 2.2 million bu last year. Kansas City and Minneapolis stocks so far this week show an increase of more than 1 million bu.

Markets were not very active and on early firmness there was some selling, with only moderate support on the decline. We still do not know whether there will be a major farm bill this session. If there is it wil probably deal more with cotton and corn. Wheat prices are not far from the lowest levels of the season, but we still feel that heavy impoundings will create more stability later on. There was a cargo of milo sold to Israel, but feed grains after an early rally met selling opposition, although the September corn future continued to gain on later months. The spot corn market was still strong at 10¢ over. Beans were quite firm early, but with the fine crop outlook there was selling on minor upturns. Rye was quite weak, but the pressure came mostly from local sources.

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CHICAGO, 4 August 14, 1958

There were two important developments overnight. First was the publication of loan figures, and secondly, came word from Washington that Secretary Benson and House leaders had agreed to compromise differences on farm legislation, which virtually assures enactment of a new farm program before Congress adjourns. We shall dwell first on the figures showing the amount of wheat under support. In this connection it should be noted that the government has changed its cut-off date from July 15th, which was used in previous years, to July 25th. For the period which includes all wheat impounded on this crop to that date there was practically 107 million bu impounded. This compared with 6 1/2 million bu placed under support a year earlier, and for a ten-day shorter period, but significantly the comparison is still impressive, as crops were late in being harvested. In the future all calculations that are made on about the 10th of each month will include the amount placed under support up until the 25th day of the previous month. The figure we now have shows the largest amount of aid sought by farmers since the program started and exceeds the previous record by about 50 million bu.

In looking ahead, we feel that since the current loan rate is only $1.82 per bu and compares with the 1954 high of $2.24 a bu, producers will make use of the present loan on a very generous scale. We would not be at all surprised if the impoundings this year would reach, or even exceed, the record of 557.2 million bu set in 1953 when the national farm loan was $2.21. Should this be the case and such a large quantity would become sterile, we would also have to include that figure with the 600 million bu that will probably be consumed domestically during the current season. We would then add the net exports made from private stocks, which we calculate to be in the neighborhood of 265 million bu based on total shipments of about 400 million bu. In other words, one-third of the clearances would be supplied from government accumulations under the payment-in-kind program. Adding 550 million bu that may be impounded to the domestic consumption figure just stated of 600 million bu, and adding to that the 265 million bu for export, it would account for a total of 1,415 millionbu. This would be practically the amount of our winter and spring wheat production as given by the government a few days ago. Should that happen it would naturally create a very close supply and demand situation, leaving us only with the free supply that we had on the incoming reserves this season. Naturally it will take time for these artificial factors to develop. The exports that we mentioned will be over a 12-month period, and so will the domestic disappearance of wheat be affected by monthly usage. The wheat that goes into the loan may not all be impounded until January 31st, although the farmers will be holding back a certain part of their crop, thus relieving pressure from the market in the meantime. In any case we feel that as time goes on the supplies for free market use will tighten.

The second item we mentioned is the farm bill that would permit corn and cotton crops to range somewhere between 90 and 65% of parity. On basis of the lower figure a corn loan of $1.14 per bu seems to be in prospect based on present parity. It would be higheror lower depending on future parity prices. The new bill would likewise block acreage cutbacks and would permit farmers to plant whatever corn they wanted without penalizing them in securing the loan.

There was nothing special in statistics. Kansas City and Minneapolis wheat stocks continue to increase, showing 1,373,000 bu improvement so far this week.

Broomhall reported U S wheat and flour exports for the week at 6 1/2 million bu, making the total 34.6 million bu so far this season vs 42.3 million bu a year ago. During the session the House passed the Farm Bill by an overwhelming majority. Chances are pretty certain now that it will become law. Of course, the corn loan for this year's production has already been announced at $1.36 to compliance farmers. Next year's loan might drop materially if supply statistics dictate revision. In any case, corn prices were somewhat lower, although September kept relatively firm. September wheat made a crop low, but otherwise there was no decided trend in either direction. The bean market held pretty well, while rye prices were somewhat lower.

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CHICAGO, 4 August 15, 1958

There were some nice rains over the corn belt and the forecast is for a showery condition, according to the daily forecast and also the 5-day weather outlook. Other than that there was not a great deal of news overnight, but Chairman Ellender of the Senate Agriculture Committee predicted that the Senate would give speedy approval to the House-passed farm bill and send it to the White House. It seems too bad that debates on farm issues start early in the Congressional sessions, but nothing generally is accomplished until the last minute when suddenly, in an effort to get a Bill, legislation is pushed through with the utmost dispatch, and sometimes with too little regard for obtaining the best results.

There can be no doubt that high price supports in exporting countries have tended to encourage increased production sometimes as a result of acreage increases, and sometimes because of more intensive cultivation and higher yields. Moreover, it is in the principal exporting countries that government controls over sales in both domestic and foreign markets have eliminated for all practical purposes the one-time possibility for farmers to sell their wheat in the open market for whatever price it would bring. Governmental promotion of export outlets for the increased production resulting from price supports has frequently resulted in seemingly unfair encroachment on traditional markets of other exporters. The net effect of these interventions by governments of importing and exporting countries has been the failure to bring about needed adjustment in world wheat supply and demand. Actually we believe that it is the distribution and not alone the great surpluses that has brought about an imbalance in world markets. In spite of the surplus production, which in some countries has grown to great proportions, one must doubt whether there is actually too much wheat in the world. The fact is that two out of every three persons on the face of the earth go to bed each night hungry. For nearly half of the human race the principal cereal is wheat but yet per capita consumption in many areas is still relatively low. Virtually the only areas where wheat is not the most important cereal in the diets are those where production of such other grains as rice, rye, corn and grain sorghums has a comparative advantage.

There can be little doubt that the economic under-developed areas of the earth provide a fast potential market for wheat, but this market will take time to develop, and it will require much research work and education to show those people the value of wheat in their diet and how it can improve nutritional standards. To merely wait for increased population to resolve these problems is, of course, a very slow process. Much can be done in those countries where rice is the most important item in the diet, particularly as failure of the world rice production to keep pace with population growth could easily create a great demand for wheat and would offer considerable diversification of diet. In those countries where comparative prosperity hasprevailed, high standards of living have brought about a shift from wheat to more meat, dairy products, and other foods. This is particularly ture in the U. S. where, as we have pounted out so frequently, total consumption of bread products has not increased proportionately to the increased population.

Yugoslavia purchased about 12,000 tons red wheat via the Atlantic and commercial business of this sort is always welcome, particularly at a time when flour business is so dull.

Primary wheat receipts of 4 million bu were a little more than last week and greater than last year. Kansas City and Minneapolis stocks so far this week show an increase of 1 1/2 million bu. When the visible supply is posted on Monday it will compare with last year's increase of 6 million bu.

Wheat prices were firm and the trade recognizes that eagerness of producers to take the loan is based on the big differential between market and support levels. For example, at Kansas City eligible farmers can get 25¢ more by taking the loan, and the disparity in the soft winter wheat belt is practically as great. However, new investment buying is rather slim, although a few hedges were covered gainst export early. Corn prices were a little higher and spot corn sold at 11 1/2 over September. With very few exceptions the new crop is still making fine progress. Beans were a little higher, led by strength in the September future. Markets on the whole were very dull, and even in wheat there was not much spreading which so often occurs during middle and end of August. There was hedging in oats.

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CHICAGO, 4 August 18, 1958

The whole concept of parity in our opinion is built on a false premise. As we have pointed out so often, it has ignored the technological revolution which has taken place in this country, and, therefore, any attempt to balance off a bushel of wheat or a bushel of corn, or for that matter, a bushel or a pound of any commodity against the purchases made by farmers fails to take into the reckoning the rising output per acre which has developed during the last two decades. Since the end of World War II, the expanded use of science and technology on part of farmers has been phenomenal. Our farmers today are using three times as much machinery and equipment and over twice as many motor vehicles as they were in 1940. Today's farmer produces as much in one hour as he did in two hours in 1940 and three hours in 1910. Since 1940 per acre yield of cotton has risen 67%, corn 56%, wheat 40%. Our total agricultural output last year was one of the highest of record, and yet it was produced on the smallest acreage since 1919. According to government experts, 1958 will probably see a new high tide in agricultural production. Thus we have learned through sad experience that any loan based on 90% of parity was untenable and would bring about such enormous accumulations at home that if the program were long continued, it would end in a fiasco. Even huge exports would not prevent a disaster, and we noted that in fiscal year 1957 the output of 60 million acres of our land, or in other words one out of five harvested acres, moved abroad. We exported the equivalent of over half our wheat, cotton, and rice crops, and still this alone did not solve the pressing problem that faced us. It was apparent to those who studied the situation that as long as prices were kept artificially high there was every incentive to produce large crops. Withthe use of science, research, and fertilizers progress of this kind continued. The most significant development last week was a break-through in the 75% of parity price floor for basic crops, with cotton, rice and corn down to a 65% of parity minimum. The way may have been paved for lowering supports on wheat, peanuts, and dairy products at a future time. In any event, Mr. Benson gained a moral victory for he has foreseen for sometime that the elimination of uneconomic restraints would sooner or later become necessary. He has long held to a philosophy of self-help as opposed to a philosphy of dependence on government.

Before our market opened there was not too much to guide it. Heavy rains had fallen over the Southwest but, generally speaking, it was mostly clear in the corn belt states. Clear skies were generally the case in Canada over the week-end, with fairly high temperatures. This, however, is ideal for harvesting but late crops, particularly in the northern areas, are still in need of rain. Weather in the U. K. was a little better and the same was true of the European Continent. We had reports of heavy wheat arrivals at Minneapolis, with 1,538 cars in that market, which included 116 for CCC.

Chicago wheat stocks increased 2 1/2 million bu to a total of 18.8 million bu. Local corn stocks decreased 109,000 bu, and free stocks are next to nothing, but the total here, most of which is government-owned, amounts to 19.9 million bu. There was nothing significant in rye, but Chicago stocks of beans decreased nearly 1 million bu, leaving 2.3 million here, of which possibly 1/2 million bu are in government hands. September beans ruled firm, but the deferred months were more influenced by fine growing weather, although there was no great amount of pressure. We note that of the 107 million bu wheat impounded thus far, nearly 99 million bu are tied up in Kansas, Oklahoma and Texas.

Trade was very dull in all pits, and wheat prices were somwhat lower, as there was not much buying enthusiasm, particularly as the commercial demand continued slow, and flour business over the weekend was extremely light. The spot market in corn was a little easier at 9 to 9 1/2 over September, due to the heavier arrivals in Chicago. Corn futures were also lower although more pronounced in the deferred months than in the September. Soybean meal gave a better account of itself today, and it appeared that cash offerings for nearby shipment are not as available as previously. September beans finally sold fractionally lower, but still widened its premium over the more deferred months.

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CHICAGO, 4
August 19, 1958

The Senate by voice vote passed the Farm Bill and sent it to the President for signature. This legislation affects only cotton, corn and rice and would permit lower price supports for these commodities, but it might be the forerunner of lower supports for other basic commodities at some future date. Thus we are reversing a trend, which was inevitable to those who have been students of commodity markets over a period of many years.

This writer joined with a group of other grain men early in 1948 for the express purpose of directing public attention to the inherent dangers of obtaining artificially high prices without injury in the end to the producer, and without detriment to the general welfare. A brief was prepared and widely circulated, directing attentionto legislators of the probable consequences of a farm program that was based upon a constantly rising loan price, which we considered could not achieve its aims without the inevitable result of the accumulation of unmanageable and unworkable surpluses with resultant injury to the farmer and to our economic system as a whole. In 1948, there was little reason for alarm. The wheat carryover from the previous crop was less than 200 million bu; loan entries into the 1947 program amounted to only 31 million bu. Furthermore, it was an election year and the wheat loan was increased from $1.84 a bu to $2.00 per bu, as apparently there was no immediate danger in sight. Our group, however, could see the pitfalls ahead and, therefore, called attentionto the experience of other countries where similar programs had been adopted by raising the price of products to levels higher than the open market could yield. Additionally, we had the experience of our own Farm Board and felt that when government non-recourse loans on commodities were unrealistic and too high, ownership of the commodities would pass to the government by default. We stated emphatically that: "The failure or refusal to recognize this inescapable truth has resulted in the disastrous failure of many price-raising schemes." We further stated: "As surpluses pyramid they must of necessity exert a depressing influence on the prices of current crops. When surpluses are stockpiled by the government and withheld from commercial channels, the situation becomes worse and worse because prospective purchasers know that it is merely a question of time until the inevitable liquidation of such surpluses must take place. This is true, if for no other reason, because the time will finally come when there is no elevator or warehouse space left to house new crops because these facilities will have been exhausted by the surplus crops in the possession of the government."

Our group further called attention to the price-raising schemes, such as the Brazilian coffee valorization plan where part of that commodity was destroyed to the extent of burning several million bags. In our country in previous years, we had seen the burning of potatoes, the destruction of pigs, the plowing under of cotton and corn and similar schemes. Public sentiment in this country was opposed to the destruction of the necessities of life. We again stated: "If this method is not resorted to there is no hope for the disposition of an unwieldy surplus except (1) to dump it by sales abroad at less than its value; or (2) to hope for a succession of drastic crop failures." We called attention to the fact that crop surpluses when accumulated were not only detrimental to domestic prices but presented insurmountable problems of disposition. Unfortunately it has taken ten years for some of these warnings to be heeded.

Primary receipts of wheat were 4.2 million bu, which was not particularly heavy, but the visible supply for the week increased over 11 million bu to a total of 391 1/2 million bu, which is 35 1/2 million bu more than last year. This, together with the possibility of a trend toward lower supports caused easiness in all markets, with the result that September and December wheat made a low onthe crop. Flour demand was very slow, but there were reports of 2 cargoes of red wheat sold to Yugoslavia, while India had asked for anoffer tonight for one cargo of hard wheat, and another cargo of soft wheat from any port. This, however, did not have much influence on the market.

Chicago free wheat stocks are now 16.8 million bu, having increased 2 3/4 million bu during the week. Onthe other hand, corn stocks in Chicago have declined to 152,000 bu. The free stock of beans has declined locally to 1 3/4 million bu. Weakest today were wheat and rye, but corn, oats and beans held relatively well, with September beans gaining ground on the new-crop months. Meal prices strengthened and September corn was higher.

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CHICAGO, 4

August 20, 1958

If the day should ever come when man devoted his efforts and thoughts toward peace instead of the preparation for war, we are convinced that the standard of living throughout the underdeveloped parts of the world would rise at such a rapid rate that the surplus problem would quickly disappear. Let us take for example, China, where there are 600 million people in the land. The net population is increasing 20 million persons per annum, or at the rate of 38 per minute. 25% of the population of the world lives in China, and it is estimated by some authorities that in a score of years or less it will approach a third of the world's population. Under such circumstances, it is difficult to realize how one can fail to recognize a country of such vast stature. The standards of living in that country would shock the average American as we know life in this country. As one traveller, who recently returned from China, expressed it, man, woman, and child have not risen much beyond the "beast of burden" stage. The sights one sees of the stresses, the strains, the unbelievable extent to which a human frame can be abused leave one almost physically ill, and yet the lot of these people is better than it was and is improving.

In Russia, the population is about one-third that of China, but it, too, is a very prolific country, and since 1928 population has increased by about one-third. It is difficult to get much accurate information from that country. We know that in 1955, with the fall of Malenkov, the shortcomings of agriculture under the collective farm system probably brought about some changes, and mainly for the reason that Russia had not only failed to keep pace with farm progress in the free world but had lagged far behind. The Soviet Union this summer announced a reorganization of its system to procure agricultural commodities from collective farms. The new decree set up a single system of state purchases at uniform prices within a given region. It replaces the diverse methods and multiple pricing system that the government had previously been using. Price differentials for sales to the state above the quota that had been so important under the old system were abolished by the reform. There can be little doubt that Russia has progressed, although the extent of improvement is difficult to evaluate and with so much land in that country where rainfall is insufficient, they will probably never get the yields per acre that we do in the U.S. Nevertheless, it is interesting to note that West Germany just recently signed a trade agreement with the Soviet Union whereby Russia would ship 150,000 metric tons of feedgrains to West Germany through the end of 1958. The bulk of the shipments are expected to be corn. Furthermore, Russia and Germany are now negotiating agreements for feedgrain shipments in 1959 and 1960. This factor alone may not be too significant for the reason that Russia does not have a tender conscience and exports of feedgrains might be at the expense of deprivation at home.

Primary receipts of wheat were 2 1/2 million bu, which was slightly less than last week and a little more than last year. Kansas City and Minneapolis stocks so far this week show an increase of 1,125,000 bu.

Trade in wheat today was not active, but there was a little better support when September and December wheat fell to about the season's low. There was not much commercial trade in the pit, although India bought two cargoes of white wheat and also two cargoes of hard winter wheat. Japan also bought a cargo of hard winter wheat, as well as some Manitobas. It was extremely quiet in the flour trade. Soybeans were without much feature except that the CCC had been carrying 520,000 bu of beans in Chicago for some time, which presumably were sold to an exporter on some sort of a barter basis. Despite the release of these beans which may aid processors in securing product for crushing because of some swapping conditions, the demand for beans to be shipped out of Chicago still continues good. The Census Bureau report was issued, and July crushings were nearly 30 million bu. Generally they are a little less during the month of August. It is dry in parts of Minnesota and Wisconsin and beans may be a little affected unless rains come soon in those areas.

Spot corn sold at about 9 1/2 over September but there were only a few sales. However, corn prices were a little firmer and there is not much pressure on the market. There are still fairly good sales being made for export under the subsidy, but this is not too much of a market factor. Weather is good for harvesting of wheat Northwest, and undoubtedly a few hedges are coming into our market, but no big volume. The oat market was very firm.

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CHICAGO, 4

August 21, 1958

The Surplus Farm Disposal Program, commonly referred to as P. L. #480, which has been so effective in shipping our surpluses, has not yet been extended, and House-Senate Conferees failed to reach agreement on a compromise barter proposition in the bill. Another meeting is scheduled for today and no doubt legislation will be enacted before Congress adjourns. Farm exports set a new all-time record in 1957, and shipments are continuing at a high level so far in 1958. It is important that we find export outlets for our agricultural commodities owing to the fact that even with the growing population at home, we cannot consume domestically the tremendous quantities of various grains that are being produced. Judging by the present trends, there is an excellent chance that the population of the U.S. may reach 205 million persons ten yearshence. That would be a gain of over one-sixth-- around 30 million additional customers for food, clothing, shelter, and other wants- which agriculture helps to fill and some which only agriculture can fill.

The population growth, however, that has become accelerated during the past 20 years is only part of the picture, and the better diets of our people, who demand good and better foods, are also important factors in consuming more at home. It is true that the domestic disappearance of wheat has hardly increased since 1910, but on the other hand we find that the consumption of meat has gone up very materially, and in that connection it takes 6 or 7 times as many acres to feed a given population by growing grainfor livestock and eating the livetock products as it does if the people eat the grain itself. This factor has givenus a much higher standard of living than in the Asiatic countries, where rice and other starchy foods are a large part of the diet. Last year the average person ate about twice as much chicken and 2 1/2 times as much turkey meat as 20 years ago. Compared with two decades ago, he consumed nearly twice as much ice cream, more than 10 times as much frozen fruit and fruit juices, and nearly 20 times as many frozen vegetables. As our population increases we shall have to rely on more technological developments, particularly as by 1968 the total demand for farm products might conservatively show a 25% increase.

According to the U. S. Department of Agriculture, taking the nation as a whole, our soils are still on the decline, but in spite of this, from 1945 to 1957, farm output has increased an average of 1.4% per year, so that by using better and more fertilizers, we have overcome some of these handicaps. It should also be mentioned here that we have relatively little good, newland to bring into production. In fact, some of our best land is going into suburbs, airports, highways, shopping centers, and other non-farm uses at a rate of at least a million acres per year. Moreover, water is rapidly becoming our number one resource problem. It takes nearly a ton of water to grow a pound of wheat grain and 3/4ton to grow a pound of clover or corn. It takes 25,000 pounds of water to grow a pound of cotton, and 15,000 pounds of water to produce the grain to make a pound of beef, so that additional irrigationprojects will also be necessary, and this practice is spreading rapidly across the nation.

From an economic point of view, we have done much recently to check the rapid rise in costs. From 1940 to 1952, the index of prices paid by farmers, including interest, taxes, and wage rates, increased more than 100%. However, from 1953 to June 1958, this index rose only 7%.

Primary receipts of wheat were smaller than last week and last year, and so far this week Kansas City and Minneapolis stocks have increased 1,365,000 bu.

Broomhall reports wheat and flour exports for the week at 6 1/2 million bu, which means a season's total of 41.1 million vs 48.5 million a year ago. Our corn shipments, which were 2 3/4 million bu for the week, have amounted to 156 million bu since October 1st compared with 143 million bu last season. The Canadian carryover of wheat was cut to 614 million bu whereas a year ago it had amounted to 729 million bu. Oats were reduced to 155 million bu vs 226 million bu a year ago and barley stocks were down to 118 million bu compared with 142 million last season.

There was not much commercial business today although we understand the Brazilian business was placed. Cash grain in Minneapolis was weak due to labor difficulties at Duluth, but wheat futures held pretty well. September corn and September beans were a little weaker than the distant futures.

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CHICAGO, 4 August 22, 1958

The August edition of THE WHEAT SITUATION, published by USDA, was quite a bearish document on wheat, but at the same time there were no great surprises. We have known for some time that the total wheat supplies for the present marketing year would be big,and now this matter is confirmed. The carryover of 881 million bu on the incoming crop and theAugust estimate of 1,421 million, together with an allowance for imports of 10 million bu, (mostly of feeding quality), gives us a grand total of 2,312 million bu. On the other side of the picture, the Department of Agriculture estimates that domestic disappearance this season will be about 610 million bu. It is a little higher figure than generally used but they feel that increased feeding will probably result from some poor quality wheat. This would leave about 1,700 million bu for export during the marketing year or for carryover next July. If we assume exports of about 400 million bu, as now seems probable, the carryover July 1, 1959 would total about 1,300 million bu, or about 420 million bu more than at the beginning of this crop year.

Looking at such figures, of course, one would naturally feel bearish, particularly as it is thought that next year's crop will again be large and that by July 1, 1960, we may add additional supplies to the reserve. In all these calculations, of course, it is not only the statistics that count. One should consider that of the total carryover on theincoming crop of 881 million bu, there was 854 million bu either owned by Commodity Credit Corporation or still outstanding under loans. This left only 27 million bu of the old crop in free supply, and was a reduction from 53 million bu the year before. It has been our contention right along that while we would undoubtedly have a record carryover next July, the amount of free wheat was apt to be small, and we base this on the possibility of record quantities that may go into this year's loan, thus bringing about a likely artificial situation before next May.

In the meantime, of course, there are other factors to attract attention. World productionof wheat in 1958 is expected to reach a new high level. Increases indicated for the three leading wheat producers:namely, the U.S., Soviet Union, and China, are so large as to more than offset any possible decline in countries not yet reporting, especially in the Southern Hemisphere. The record outlook for these three countries, which normally account for almost half the world wheat production, is the outstanding feature of the present situation. Nevertheless, we know that China, with a prolific population, is not an exporter and the quantities that may be shipped out of Russia are unimportant on the world market. Crop prospects in Canada are relatively unfavorable and as cited previously, their wheat crop is expected to be 70 to 75 millionbu smaller than the season earlier, although the outlook for Australia is much brighter than in 1957. Wheat acreage recently seeded in Argentina is reported in generally satisfactory condition, although dryness and high temperatures have handicapped development in some areas. A significant increase, which had been expected in Argentina's wheat acreage, did not materialize and the land seeded was not much greater than a year ago.

Primary wheat receipts at 3.1 million bu were somewhat less than last week, but more than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 1 1/2 million bu. When the visible supply of wheat is published next Monday it will compare with an increase of 5 1/2 million bu last year.

We were told that all Duluth and Minneapolis elevators, whose employees had gone on strike this morning, were embargoed, and this may have had some effect on bearish sentiment. There were some showers in the southern portion of the Prairie Provinces of Canada, which held up harvesting operations. We are apt to have some shower activity in our Northwest. Selling of corn was probably due to the fact that because of some discrepancy between CCC reporting and the Board of Trade figures, there appears to be more free corn in Chicago than had previously been reported. On the other hand, there is still a good demand for corn out of Chicago, and cash corn remains relatively firm. September corn was weaker today than the deferred months. Beans were under liquidating pressure with greater weakness in the nearby future than in the more distant deliveries. There are definitely some dry areas in northern Iowa, all of Wisconsin, South Dakota and parts of Minnesota, where some damage may have been sustained to corn. The USDA looks for a rye carryover next July of 15 million bu, and while this would be a large reserve it could be largely in government hands, and might therefore, not be pressing on the market.

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CHICAGO, 4

August 25, 1958

There was not much grain news over the week-end but there were some disquieting events reported in the Far East, with Nationalist China claiming that Red planes and artillery had been hurled against them in a massive attack last Saturday. There were fears that the Communists might invade the Nationalist-held islands off the Chinese mainland. The strafing attack was carried out by eight aircraft and was followed by artillery bombardments, together with a Naval clash Southwest of the Red fortress island of Amoy. Casualties were quite heavy with about 200 Nationalist soldiers killed and also the lives of 18 civilians lost. SecretaryDulles said that any red efforts to seize the Nationalist islands would constitute a threat to the peace of the area but he did not indicate whether the U.S. would take military action to halt an invasion of such off-shore islands as Quemoy and Matsu. This nation is pledged to help defend the major stronghold of Formosa. This morning for the third consecutive day, the Chinese hurled tons of artillery shells into the Quemoy island and the U.S. had stationed the 7th Fleet in the Formosa Strait to take normal precautionary measures.

This type of news generally affects grain markets, and this morning was no exception. There is still no indication of a general conflagration but at least with the Nationalists returning fire, nobody can be sure of the final outcome. We understand that the Brazilian business has nowbeen booked and a similar commitment of about 15 cargoes will be purchased one month hence. Meanwhile, Pakistan expected to buy several West Coast cargoes shortly but other export wheat inquiry seems to be slow.

Early reports had it that the elevator strike might be settled. Union members in Duluth are expectedto vote on new terms that had been offered and favorable results are likely. If this is the case, the Minneapolis area will probably follow action taken by the Duluth members. There were fairly large receipts at Minneapolis over the weekend, with 1,317 cars wheat in that market, of which 50 were for the account of CCC. Most of the country loadings had been made prior to the strike.

Senator Humphrey said that the U S will soon conclude a sale of U S surplus wheat to India. He said that our country was also planning to barter some of the wheat for Indian manganese and that the barter trade would be very substantial. Japan had bought approximately 10,000 tons soybeans of Illinois origin for October-November-December shipment. Exports of U S wheat and flour for last season have leen officially established at 401.2 million bu. This of course is a sharp decline from the year before when we exported 548.2 million bu, which was a record for all-time, but better crops in Europe, particularly in France, created a smaller demand from the exporting countries generally. USDA figures that during the current crop season we shall about equal last year's total of about 400 million bu, of which it is assumed by the trade about one-sixth will be supplied through scrip and will be government wheat, but this would leave about 334 million bu that would come out of the free stock. That together with 600 million bu for domestic consumption and a possible loan tie-up of 500 million bu would account for 1,434 million bu wheat, or a little more thanthe total winter and spring wheat crops estimated at 1,421 million bu in the August government report.

There was some rain reported over the Southwest and hardly ever have there been better soil conditions at this time of the year.

Chicago wheat stocks increased 795,000 bu to a total of 19.6 million. Corn showed a small decrease but we still have 19.8 million bu here, and tomorrow we shall know how much of it is free. Rye stocks decreased but there was a corresponding amount placed afloat. Local bean stocks decreased 521,000 bu leaving 1.8 million bu here.

Markets were mostly on the firm side and the strength in wheat brought some buying into other pits. Fair covering of wheat hedges was assumed to be against export sales and helped our market. The wheat visible increased 7.1 million bu to a total of nearly 399 million bu.

In corn the distant months did better than the September and apparently the cheaper freight rates from Iowa have discouraged some longs in the nearby position. We still feel, however, that there will be a close adjustment before expiration. Beans were higher and there was some fair commission house buying.

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CHICAGO, 4

August 26, 1958

Long before the present harvest there was quite a bearish sentiment in wheat owing to the fact that there was a good deal of ineligible grain, and nobody could tell for sure whether it would be pressing on the market early and thus cause a burden to the free supply. Even now no one can dispute the fact that the extent of non-compliance acreage allotments among winter wheat growers could present a new situation at some future time. There is probably a sufficient quantity inthe free supply of hard winter wheat to take care of domestic requirements and export. However, sales of this kind of wheat have been surprisingly small thus far this season, in view of the record large crop. Apparently new storage space in the Southwest, both on farms and at interior points, has continued to be available for non-compliance wheat, as well as for wheat that has gone under price support. Undoubtedly ineligible wheat has been held back in expectation that the market price would rise. The course of the market as time goes on will depend to a large extent on when the ineligible wheat is marketed.

We raised this year the largest winter wheat crop in the history of the country, and according to the August estimate it yielded 1,171 million bu, which compares with only 707 million bu in 1957 and an average winter wheat crop of 850 million. This record crop was the result of the highest yield ever obtained:namely, 26.9 bu per seeded acre, which compared with 18.8 bu last year and the average of 15.9 bu. To show what this has meant to the farmer, we multiply the yield per acre by the loan price of $1.82 per bu and find that the winter wheat producer this season grossed $494 per acre. In comparison with the base period (1909-14), when wheat yielded only 14.1 bu per acre and the average price was 88.4¢ per bu, the farmer at that time grossed only $125 per acre. Thus he is now getting about four times as much from each acre of land as he did during the base period. Of course, production expenses have risen in the interim but farming is, nevertheless, very remunerative today, and even during the recent recession the farmer did not suffer as did the average entrepreneur when business was bad.

Today two out of every three farms are free of mortgage debt. Farmers have only $11 in debts for every $100 of assets compared with $19 of debts in 1940. Prices received by farmers in the first half of 1958 were 8% above a year ago and 10% above two years ago. The standard of living of farmers is today the highest in history based on the percentage of farms with electricity, telephones, automobiles, and the purchasing power of the average value of farm products sold or traded. Farm assets are at an all-time high-- $188 billion as of January 1, 1958. Income per person on farms from all sources was $967 in 1957, the second highest on record-- 8% higher than in 1956, and the highest since 1951 during the Korean War. Furthermore, this average may well set a new record in 1958. Realised net income of farm operators in the first half of 1958 was at an annual rate of approximately $13.3 billion-- 22% higher than in the first half of 1957. The increase from a year earlier was the greatest since the end of World War II, when price controls were eliminated. Such factors, and there are many more, show the great farm progress, although much of it has come about through the tremendous building up of surplus supplies,and the last chapter has not yet been written.

Primary wheat receipts were less than 2 million bu, and were only half as large as last week and considerably less than last year. Kansas City and Minneapolis stocks so far this week show a total increase of 430,000 bu.

There was very little in the news from the Far East, although conditions there have not yet become stabilized, but at the same time there seems to be nothing imminently dangerous. Wheat prices were higher, as were most other commodities but trade was rather light. Spring wheat mills did a little flour business, but export business lagged, except that Pakistan bought 2 cargoes of western white wheat for September delivery. Free stocks of wheat in Chicago increased 815,000 bu, to a total of 17.6 million bu. Chicago stocks of free corn are now 1 1/2 million, and the increase over last week was due to a correction in reporting CCC supplies. The government weekly crop and weather report was mostly favorable, except they called attention to important sections of Wisconsin, Minnesota, and the Dakotas that were late and backward, with dry weather over good parts of this area, and cautioned that an early frost might do some serious damage. Over the rest of the country corn and beans still appear to be mostly good.

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CHICAGO, 4 August 27, 1958

Total wheat supplies for the marketing year which began July 1, 1958 are estimated at 2,312 million bu. This is based on the carryover reserve plus imports (which will probably be used mostly for feed) and the August crop report indicating a yield of 1,421 million bu. The latter figure may be slightly increased if the outturn of spring wheat exceeds the 250 million bu estimate made earlier in the month. Even assuming that there will be no improvement, the present supply exceeds the previous peak in 1956-57 by 267 million bu, or by 13%. On the consumptive side of the picture, there are few surprises to be expected. Domestic disappearance will undoubtedly be in the neighborhood of 600 million bu and exports are likely to reach last year's goal of 400 million bu, so that in these two categories, we can account for about a billion bu. On that basis we are bound to have a record carryover reserve on July 1, 1959 of about 1,300 million bu. However, the situation, and in fact, the whole price structure, will finally depend on the quantity of wheat that is lodged in government hands. Of the 881 million bu wheat that we had on the incoming crop, all but 27 million bu was under government seal, or in other words, Commodity owned about 854 million bu. If during the current season 500 million bu goes under the support program, the government will have a total supply of actually more than the likely carryover at the end of the crop year.

It is for this reason that there is some restraint on bearish activity. Of course, it will take time for these various factors to have a bearing on the market. First of all, we are only making small inroads on our surpluses from month to month, and moreover, the wheat which is finally impounded is not going into the loan all at once. Nevertheless, it is not pressing on the market and large quantities are being held back, including the ineligible wheat on which producers are hoping to obtain a better price than at present. The spring wheat movement has now reached its crest, and there is not much pressure from that source. Already we have found that, despite a record crop, there is not much pressure being exerted either in the soft winter wheat belt or in the Southwest, and while it is likely that we shall have moderate receipts all during the season, the heavy accumulations have probably reached a peak also, with the visible supply of nearly 400 million bu. We can recall that in previous days whenever the visible was 100 million bu or more, traders figured that there would be heavy carrying charges and a bear market. However, since government programs have become so popular, one must necessarily revise his views on this issue.

We would like to make an apology for our bad arithmetic yesterday when we computed gross income per acre on wheat land. The figures mentioned yesterday would have been correct for 10 cares of land instead of for a single acre, by virtue of the fact that the decimal point was misplaced. However, the conclusions we drew were correct in that farmers are grossing four times as much from their wheat land today as they were during the base period when the price was much lower and yields per acre were smaller.

Before our market opened we had weekly crop bulletins from the various states. Illinois still shows optimistic growth conditions although warm weather in most cases would be welcome. Iowa also reports satisfactory progress although warmer temperatures over the entire state would help, and in the northern and northwestern portions rains would prove beneficial. In Minnesota there has been some deterioration because of insufficient rainfall and subnormal temperatures. The same is probably true of the Dakotas and parts of Wisconsin.

Primary receipts of wheat today were quite small at only 1,352,000 bu which was roughly half as much as last week and compared with 2.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 691,000 bu.

There was a little more flour business in spring wheat varieties that may have helped the market, but July wheat was independently weak, and the Kansas Weekly Crop report spoke of seedbed preparation for the 1959 crop. Moisture conditions are apparently very satisfactory. According to Broomhall some European estimates have been lowered, and the French crop is now privately figured at 9 million metric tons vs 10.4 million officially, and last year's yield of 11 million. Europe probably will require about the same imports as the season before. Spot corn sold at 7 1/2¢ over. A few stops were caught early on the upside, but best prices did not hold. The main feature in beans was spreading, with some heavy liquidation of September against buying of November.

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CHICAGO, 4 August 28, 1958.

In its monthly review, THE DEMAND AND PRICE SITUATION, USDA, comments that farmers received $16.6 billion from marketings in the first seven months of 1958, 11% more than last year. Prices averaged 7% higher and the volumeof marketings was 4% larger. Cash receipts from livestock and products were $10.6 billion, while crop receipts totalled $6.0 billion, reflecting increases in receipts from wheat, corn, citrus fruits andpotatoes.

In looking ahead the report goes on to state that the supply of feed grains andother concentrates for 1958-59 is expected to exceed by 6% the record of last year. Feed prices probably will move downward in the next few months, as 1958 feed crops become available in volume. Hog slaughter this fall is expected to be about the same as during the comparable period last year andprices may average close to year-earlier levels. Market supplies of fed cattle may be so large as to prevent more than a small seasonal increase in prices this fall. Egg production in thelast half of the year is likely to beabove 1957 levels, and the usual fall rise in egg prices may be dampened.

Supplies of edible fats, oils, and oil seed, according to the August crop report, are expected to set anew record inthe 1958-59 marketing year,about one-tenth above the current year. Domestic disappearance of food fats per person probably will continue at about the 1957-58 rate and with the population increasing, total use will be up. This indicates that the supplies of food fats available for export in 1958 will be substantially greater thanthe 2.6 billion lbs estimated for the year just ending. While it is too early to estimate the 1958-59 season exports, sales for dollars, plus exports under PL 480, are expected to result in a heavy outward movement. However, competition in world markets is likely to continue keen as exportable supplies in several foreign countries probably will continue large.

In commenting on general economic conditions, the report states that most economic indicators in July continued to advance fromtheir late spring lows, although the gains from June to July in most cases were small. Consumer incomes have improved since April and in July exceeded the peak levels reached in the summer of 1957, Although real income per person is still below the peak of a year ago, the market for food continues strong. Retail sales of food stores in July were about 5% above lastyear. Prices received by farmers in mid-July, though down about 4% below their spring peak, were 3% above a year earlier. The increase in consumer incomes was due mainly to a higher wage and salary payment total. Retails sales remained at June levels, with no significant changes for either durable or non-durable goods. Construction activity picked up a little in July, with new private-housing starts at the highest rate in 2 1/2 years. The labor situation changed little between June and July; employment gained and unemployment dropped less than the usual seasonal amounts.

When markets opened prices were generally higher, and apparently buying was occasioned by nervousness created on account of the situation in theFormosa area. It was reported that this country had dispatched an aircraft carrier to the area, and also that Nationalist Chinese and U S planes conducted joint air defense exercises over the Coastof Formosa, while Red Chinese batteries continue to pound the Nationalist held island of Quemoy. Later in the day a newsreport stated that the Red Chinese Commander had called for surrender of the Nationalist forces of Quemoy, and wanred that the Red were determined to liberate Formosa and the off shore island.

Warmer weather seems to be in prospect for theCentral States, which should aid in maturing the corn and bean crops. The premium for spot corn in this market remained at 7 to 7 1/2¢ over, and as long as this condition exists there is little likelihood of any corn being tendered for delivery on September contracts. Overnight CCC granted exporters subsidies on a little over 1/2 millionbu of corn. According to The Southwestern Miller flour business has tapered off to a marked degree for spring wheat mills, and the demand for hard winters remains extremely dull. The near-term prospect is for a lagging pace in flour business generally. A wire from Minneapolis advised that a tentative agreement has been reached on the grain handlers' strike in that market.

Primary receipts of wheat today were approximately 2.2 million bu vs almost 3 million bu last week and 2.4 million bu a year ago. So far this week Kansas City and Minneapollis wheat stocks have increased 905,000 bu. Markets remained strong throughout the session. Actual grain newshad little in-influence with the Formosa situation overshadowing other developments.

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CHICAGO, 4

August 29, 1958

While no final official estimate has been made on Canadian crops this year, one very well posted grain man feels that the wheat crop in Western Canada will be approximately 320 million bu, and will not vary much from that figure to the government's final. In commenting on same, he stated that one thing has been learned in watching the progress of the crop this year, and that is, conditions during the last eight or ten years have changed so drastically that one has to reappraise previous considerations in estimating crop production throughout the growing season. There can be no doubt that with the changes in the varieties of seed now being used and improved technique in farming, under similar conditions crops will turn out much better than they would have eight or ten years ago.

A like situation exists in this country, and as the Secretary of Agriculture points out, technological revolution cannot be stopped. Since 1940, the per acre yield of corn has risen 56%, wheat 40%, and cotton 67%. Last year's yields of all major crops averaged 27% above the 1947-49 level. The Secretary feels that if the voices of 20 million farm people in America could be crystallized, the demand would be for more freedom for farmers-freedom to plant, freedom to market, and freedom to meet competition, so that our markets can be expanded. He also feels that farmers want more freedom from government interference, so that they may again be independent and self-reliant. He believes that farmers want governments at their side, not on their backs.

The President signed the Farm Bill permitting reductions in some farm price supports and forestalling scheduled acreage cutbacks for cotton and rice next year, and in the opininn of the Secretary the new Bill is a step in the right direction.

In the Southwest, farmers are still holding tightly to wheat, while premiums for higher protein winter wheat have advanced. Apparently the rebound has not been great enough to bring out more farm liquidation. No. 1 ordinary hard at Kansas City is up to $1.86 a bu, but still 20¢ below the net loan, while higher proteins are still 5 to 10¢ below support prices. Whether the excellent prospects for feed grains: namely, corn and milo, may cause a storage tightness it is still a question as to whether farmers would prefer selling wheat to make room for other grains.

With the long weekend holiday occasioned by Labor Day, considerable tension exists over the situation in the Far East. Authoritative sources reported today that the U.S. Pacific forces have given their jet pilots permission to pursue attacking planes across most of the Formosa Strait. In other words, the Pacific Command has relaxed the "hot pursuit" boundary line that in the past made part of the embattled Strait a haven for Red Chinese jets. Meanwhile, heavy shelling of the off-shore islands continues, and the Natinnalists began evacuating government offices at Taipei as a precaution against Communist air raids. One source mentions in their crop report that both corn and soybeans are only a few days behind normal across the central areas of the main belt but ranged one to two weeks behind in the northern areas. Corn and soybeans continue to deteriorate in southwest and west central Minnesota, extreme northwestern sections of Iowa, and parts of South Dakota, but elsewhere in the heavy producing states and in the South both corn and beans are in excellent condition.

Up to noon today there had been 2,865,000 bu of wheat tendered against September contracts, and 335,000 retendered. There was also 1,100,000 bu oats tendered, with 20,000 retendered, and 75,000 rye on original delivery with 30,000 retendered.

Overnight there was some business in hard winter wheat flour, with the purchase of another one or two months' supply by several chains and independent bakers, but according to The Southwestern Miller activity in spring and flour has largely subsided. Wheat purchases by India did not materialize overnight, but it is expected business may be placed tonight. Wheat had a lower tendency throughout the session. Think locals sold due to the fact that the advance on tension in the Far East did not carry the market higher. The main interest in beans seemed to be confined to spreading between September and November futures. Meal was weak. Corn showed weakness. The spot market here was about 7¢ over, or a decline of 1¢ from yesterday.

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CHICAGO, 4 September 2, 1958.

After the close of the market Friday, the government published parity prices for mid-August, with wheat showing a decline of 1¢ per bu but corn was unchanged at $1.76. Generally speaking, there were no important fluctuations while the index of prices paid by farmers for commodities and services, including interest, taxes and farm wage rates, dclined only one-third of 1% during the 30-day period. In any event it does not mean much whether parity for wheat declines a little from present levels, as we have already had a minimum price set for the 1959 loan at $1.81 per bu. This was announced last May in accordance with the forward pricing provisions authorized by the Secretary of Agriculture in advance of planting time. Even if there should be legislation, it would not affect the wheat loan until 1960. This we believe is important to remember at this time.

The Agriculture Secretary urged farmers to use crop insurance. In doing so, he called attention to the fact that it is the only available method by which producers may protect themselves against crop losses when disaster strikes, and he suggested that such insurance be taken out even in periods of high crop production. As we have pointed out so often when there is a crop failure even high loans are of little benefit to producers and to take an exaggerated instance, even if the wheat loan were $10 per bu and the farmer grew nothing, he would be hard-hit. Thus this type of insurance by which he may obtain these cash payments is a real safeguard when adverse conditions strike. We realize that there have been other ways of aiding farmers, such as providing emergency help in making loans or providing feed grains, but in other cases the producer is pretty much on his own, and it is fortunate that such crop insurance is available in over 800 counties.

Over the long holiday week-end, there was other news, as for example, the Canadian Dominion Bureau estimate of crops, suggesting a wheat yield of 338.7 million bu vs 370.5 million last season. This was a fair comeback after the early season's drought, but it was more marked in oats, where production is now estimated at 384 million bu, which is a slight increase over last year, and the same for barley, with an indicated crop of 228.8 million bu vs 216 million last season. The total rye crop in that country of 8 million bu is slightly less than a year ago. Weather has turned cooler in Canada with the threat of frost in some areas of Alberta. However, weather overseas has improved.

There were varying opinions as to political developments in the Far East but shooting against offshore islands continues although tension is no greater, and for the moment at least its effect upon markets has been stemmed.

World wheat production in 1958 is expected to reach a new high, according to the Foreign Agriculture Service. This is due largely to the heavy production in the U.S. Communist China, and the Soviet Union, and the increases in those countries should more than offset any possible decline in countries not yet reporting, especially Southern Hemisphere. However, neither China nor Russia export much wheat but our shipments may come up to last year's figure of 400 million bu, particularly with some deterioration in France and other European countries. In France crops, according to latest estimates, may be 20% below last month's forecast due to wet weather, although it should be sufficient for interal demand but the exportable surplus will probably be much smaller than anticipated. The damage to potato crops in France cannot yet be computed but it will not be a year of heavy production.

Chicago wheat stocks for the week decreased 755,000bu, and this was about the same as last week's increase. Of the 3 million bu wheat tendered on September contract the bulk of it went to a local elevator concern. Except for September, wheat was somewhat lower but the outside markets were relatively firm, Rye was weak, and nothing has been exported recently under the government subsidy. There was a little flour business, but the hedges covered were ineffective in bringing about muchof a rally. New crop bean futures were quite weak, and most of the crop news was encouraging, particularly the Baldwin Elevator report which spoke of harvest in this state which might get under way within a week or so in some districts. The local bean stocks decreased 230,000 bu, leaving1.6 million bu here. Corn is also moving along to maturity, but it is about a week later than normal, but still ahead of last year's crop. September corn gained a little on the distant months. It is thought that much of the Illinois crop should be safe from frost by the latter part of September or early October.

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CHICAGO, 4 September 3, 1958

On many occasions, Secretary Benson has called attention to the fact that only 19 crops, plus dairy products, are being supported. This is a small percentage because there are about 250 commodities that farmers produce. The so-called basic crops bring in a little less than 24% of farm income. During fiscal 1956 and 1957, 82.2% of our costs for price stabilization went for 4 commodities. Wheat and cotton alone accounted for more than 48% of the total cost of our price stabilization programs. It is also a fact that in those commodities where support levels were highest, most of the accumulations took place and brought about storage problems that face us today. The simple truth is that a guaranteed market, even when the loan price is as low as 75, or even 60%, of parity, is bound to stimulate overproduction of farm crops, and, furthermore, will entail heavy expenditures by the government to buy up those crops and then to store them. Had we accomplished some real good, no one would be objecting to the federal farm expenditures, which have steadily been rising and which we tabulate below:

In fiscal 1952 - $1 billion
1953 - $ 2.9 billion
1954 - $ 2.6 billion
1955 - $ 4.4billion
1956 - $ 4.9 billion
1957 - $ 4.6 billion

Included in each of these figures is roughly $1 billion for such items as rural electrification, agricultural research, conservation, and administration, which few people begrudge, but the rest is almost entirely made up of price support schemes-- the acquisition of crops by the government. The total hoard rose to more than $8 billionin value, despite efforts to sell or give away as much as possible.

This year, despite the acreage that was deposited in the Soil Bank, record or near-record crops were again grown for most of the major items except cotton. We have learned that technological developments and greater farm productivity defeated even the Soil Bank, which has become a costly operation, and which will expire next year without having accomplished very much. Already we have found that acreage reductions for some crops have reached the point where they are causing more hardship than if we had experienced price collapses, and now Secretary Benson, with expert and Congressional support, has come to the conclusion that this solution has reached the point of diminishing returns. As a matter of fact, farm technology has made a joke of acreage controls thus far, and the drift of people from farms to cities has continued with the result that last year there were only 3.3 million farm operators, which was about the lowest this century. The efficient operators have remained on the land, and in most cases they were getting along to a degree that even during the last recession they fared better than many other catefories in our economic system. Judging from the passage of the last Farm Bill, we are headed for gradually lower price supports all around. In the end, the route to a free market seems the only way out, and the sign post to that route is lower and lower price supports.

Primary receipts of wheat were close to 3 million bu, which was more than twice as much as last week and compared with 2.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 430,000 bu.

We doubt whether developments in the Far East had much influence on the market, although Secretary Dulles and the President will confer tomorrow at Newport, R. I., following a series of telephone conferences. The State Department regards the situation as serious. Probably individual factors had more influence on our various commodities. With the deliveries of wheat both here and at Kansas City well taken there was a more friendly attitude toward the constructive side of the market. A fair amount of buying took place, but commercial business was not heavy and flour sales were of limited size. July wheat was lower and made a crop low.

The forecast for rain over the Corn Belt probably had its influence on that market. It is thought in some quarters that beans may not show quite the promise when the private report is issued tomorrow. This was the basis for some of the buying. The rye market was higher. Even oats showed a better undertone, and the comparatively light stocks in Chicago and not much chance of imports has created bullish sentiment.

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CHICAGO, 4 September 4, 1958

Canada and the U.S. are the world's two largest export suppliers of agricultural food products. Together we are a bread basket for the free world, with our shipments of grains going to more than 80 countries. Many of the people who receive our products are in need of food to prevent daily hunger. In many respects Canada has the same agricultural problems that we do. Since 1941, the number of farms in Canada has decreased 12%, while the size of their farms has increased 15%, but through technological development, production per farm has gone up nearly half. In general, this is the same pattern as we have had in the U.S. namely, fewer farms, larger farms, and greater production, along with higher costs and heavier investments. Here in the U.S., mostly because of mechanization, each hour of our farm work now produces about twice what it did before the war. Here at home over 90% of our marketed farm products has come from less than half of our farms. It is extremely common for these commercial farms, particularly in the Mid-West, to have a capital investment ranging from $50,000 to $100,000 and more. As late as 1930, about one acre out of every six of our harvested cropland went into feeding horses and mules. Today, with all kinds of mechanization there are relatively few work animals on commercial farms, and thus a good part of the land has been released for other purposes, since it is no longer a necessity to produce feed for animal power.

Shortly after the opening, the Galvin crop report was published with indicated production for corn 3,525 million bu, which compared with the official August estimate of 3,487 million bu. Prospects improved in most of the leading states, with the exception of Minnesota, South Dakota and northern Iowa. If the present prospect is borne out, it will be the second largest crop of record. Spring wheat, according to today's estimate, was increased to 276 million bu compared with the government figure last month of 250 million bu. Yields in the Red River Valley were particularly high, with some areas indicating record yields. The bean production was estimated at 554.3 million bu compared with the August government figure of nearly 536 million bu, so that a banner year is now in sight, as the crop generally made favorable progress in most of the large central producing areas, except for Minnesota where adverse weather conditions, mostly drought, caused some setbacks. The Illinois bean crop of 145 million bu is also an all-time record, while Iowa has a prospect of 79 million bu, also showing extremely higher production. The oat crop was estimated by Galvin at 1,532 million bu, which compared with the government estimate of 1,345 million bu. So taking all of today's forecasts as a whole, there was great improvement during the month of August even with some setbacks in the Dakotas and Minnesota, insofar as corn and beans were concerned.

No change was made for winter wheat, which, according to the August government figure, indicated a crop of 1,170 million bu, but if we add to this the spring wheat production of 276 million bu, it should give us a total supply of 1,446 million bu, by far the largest total crop we ever raised in this country. It is a particularly good showing in view of the fact that the sown acreage was far from the high point recorded some years ago.

There was nothing much in routine statistics. Wheat primaries were a little larger than last week and somewhat better than last year. Kansas City and Minneapolis so far this week show a total increase of 707,000 bu.

Following the meeting between the President and Secretary Dulles, the latter stated that forces in the Far East are disposed to take "timely and effective" action if President Eisenhower decides that the Red Chinese military attacks on the off shore islands endanger the security of Formosa. This statement brought a little buying into the grain markets but they were nevertheless quiet. In our opinion the trouble in the Far East would have more of an effect on soybeans than on other commodities for the reason that it might prevent China from exporting.

There were some nice rains again in the Southwest with probably more to come. Corn and oats were a shade lower but there was no large volume of trade. September corn traded at about 9¢ over December. September beans for a time were relatively stronger than the deferred months. Rye was very little changed, and a small export trade of 33,000 bu was made under government subsidy.

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CHICAGO, 4 September 5, 1958

Not much has been written, and even less has been said, about the new European Common Market which recently was formed. The participating nations are Belgium, The Federal Republic of Germany, France, Italy, Luxembourg, and The Netherlands. These six countries have a total population of some 164 million people living in an area about half as large as that portion of the U.S. east of the Mississippi River. Members of this pact represent some 60% of Western Europe's population and manufacturing and agricultural production, and also, account for about half its international trade. Their economic development since 1950 has been much more vigorous than that of the remainder of Western Europe.

Among the reasons for forming such an alliance is the desire to gradually remove all barriers to trade among member countries and the establishment of a common external tariff. They hope in time to work out common policies in respect to agriculture, transportation and the free market of workers and capital. Another aim is to draw up rules to insure free and equal competition within the community, to prevent distortions owing to national policies, and finally to taking such steps that will insure the full use and development of the resources of the member states. During the transition period, common policies in respect to agriculture are to be evolved, and during that period member states will have the right to apply minimum prices for certain products. If prices fall below this level, agricultural imports may be temporarily suspended, reduced, or admitted only at a higher price. A European Investment Bank is being set up, with capital equivalent of $1 billion.

Thus it can be seen at the outset that Canada and the U.S. may have greater competition in the years ahead in selling surplus goods abroad. Most people in this country when they hear of the tremendous surpluses that have been built up think largely in terms of cotton, corn and wheat. The fact remains that the top three sources of farm income in the U.S. are beef, cattle, the dairy enterprise, and hogs. Even in Canada where wheat is grown throughout the area of the Prairies, we find that with the exception of Saskatchewan, Canadian farm income from the sale of livestock and poultry now exceeds the income from all grains. Canadian income from dairy products alone in some years exceeds that of wheat. Both countries may gradually have to learn to adjust their agricultural production to meet the supply situation. Formerly this was generally done by means of price and by means of the open market, but of late government, through price and acreage programs, has taken over too many of the decisions that years ago farmers used to make. The destination of some of our farm products thus has become a government warehouse.

We heard early that a cargo of corn had been sold to the U.K. for October shipment, and in corn, government sales under the subsidy were quite heavy, amounting to about 900,000 bu. An additional 36,000 bu of rye was sold under some sort of barter arrangement, but with a subsidy of 32¢ per bu. Word came from Kansas City that one chain baker had filled out another 30 days' needs, extending coverage into January-February of 1959. Otherwise, however, flour business was on the dull side.

Primary receipts were not burdensome although heavier than last year, and a little less than last week. Kansas City and Minneapolis stocks so far this week show a net increase of 743,000 bu. When the visible supply is posted on Monday it will compare with a shrinkage last year of 216,000 bu.

Trade was rather dull, and there was not a great deal of news from the Far East to cause undue tension, but the Chinese Nationalists admitted that the Communist blockade of Quemoy was tightening and that they might soon need help to keep supply lines open. Wheat prices, except for July, were somewhat lower, and in fact the general market was reactionary. According to Broomhall, our wheat and flour shipments during the week were a little less than 5 1/2 million bu, and since July 1st have totaled 56 million vs a little over 63 million last season. Since October 1st our clearances of corn have been about 13 million bu greater than last season. Since August 1st of this year total world wheat shipments have been somewhat larger than for the same period in 1957. Corn was a little lower and the forecast is for normal temperatures to a little above with some precipitation. Beans also declined with the September future losing some ground on the deferred. Rye went contrary to the trend and nearby months showed firmness.

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CHICAGO, 4 September 8, 1958

The second session of the 85th Congress set a record by enacting spending authorizations in far greater total amount than did any other Congress in any single peacetime year. During the life of the Congress there were reversals of thinking. Last year its members were in a budget-cutting mood in response to an avalanche of taxpayers' demands for economies and efforts were reasonably successful. However, the second session started in an atmosphere of emergency engendered by fears of Russian military superiority and a recession. This led to voting of substantial increases in both military and civil spending at the same time. Expenditures are expected to exceed by $5 billion the President's budget for 1959 of $73.9 billion. However, the administration is now pressing the agencies to hold down outlays as much as possible. One authority has pointed out that it looks more and more as if economists and officials will have to come up with some new answers in the next few years in an attempt to stem the effects of wage increases and price policies, or else the economy will have to submit to direct regulation of prices, wages, and credit terms.

Assistant Secretary of Agriculture Marvin L. McLain points out that an abundance of food and feed grain is about as good an insurance policy against national or international disaster as one could wish for. However, everyone hopes that this insurance will never be drawn on. Supplies of feed grains and feed concentrates for the coming marketing year will be at an all-time high of more than 230 million tons. This is enough feed to supply every last one of the 169 million grain-consuming animal units estimated to be on the nation's farms in the 1958-59 feeding year, with more than 1 1/3 tons of feed, which is 50% more than can be expected to be consumed under the most favorable conditions. The Assistant Secretary points out that the sizeable reductions in acreages, which formerly were planted to cotton and wheat, have invited expansion in feed grain acreage, particularly in grain sorghums, barley, and in some areas, soybeans. Thus again it is brought to the foreground that artificial means create secondary problems. In other words, artificial acreage controls, although well intended, have not worked out as planned. As to the support price in 1959 for oats, rye, barley, and grain sorghums, that will be at a level determined by the Secretary to be fair and reasonable in relationship to the support price for corn, taking into consideration the feed value of the commodity in relation to corn, as well as other factors considered in previous years.

Broomhall comments that crop prospects in Australia remain favorable and although seeding was greatly delayed, based on present conditions, yields in all the main producing states will measure up well to the past or any year since the war. It is now thought that the harvest might be 155 to 175 million as compared with 80 million bu a year ago. He further comments that since the improvement in weather the last week-end, harvesting has been resumed and is active in northern and eastern portions of France, and if present weather is maintained much grain will be saved in the heavy producing areas.

With Red China giving the green light for talks over the Formosa situation there is pressure in all pits, and very little support was uncovered. The only export business we saw today was three cargoes of white wheat sold to India. Milling demand is again quiet. Weather has been extremely favorable for development of corn and beans, and according to the Baldwin Elevator Co., the corn in central Illinois is now up to average for the first week in September. Over the weekend the government sold about 1 million bu of corn under subsidy. The Advisory Committee of the CCC will not meet until the end of the month at which time it is contemplated that some announcement will be made on the corn loan to non-compliance farmers in the commercial areas. In some quarters it is believed the support will be about the same as last year.

Chicago stocks of wheat were about unchanged during the week and now stand at approximately 19 million bu. Beans showed a decrease of 564,000 bu, leaving 1,065,000 bu in Chicago. Primary receipts of wheat today totaled 5,290,000 bu, which compares with 2,336,000 bu last year --last week was a holiday. A cargo of beans was sold to Denmark for December shipment. The spot corn basis in Chicago today was 4 1/2 to 6 ¢ over.

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CHICAGO, 4 September 9, 1958

While weather has been an important factor, the 1958 cotton estimate of slightly over 12 million bales again points out the tremendous technoligical progress that has been made on the farms and the more intensive use of the better land. If the final crop turns out as estimated, the average yield on each harvested acre would rise to a record 486 lbs. This would be 69 lbs. per acre above the 1955 record and 169 lbs. over the 1947-56 average. It again points out the great fallacy of computing parity on yields rather than on acreage; this applies to grains as well as to cotton. Farmers in general have retired the less productive acres to the Soil Bank.

According to Sanford Evans the Canadian government is about ready to place another $39 1/2 million into the laps of the Prairie grain growers in recognition of the Prairies' problem, rising production costs and low rates. Present plans provide for a payment of $1.00 per acre up to a maximum of $,00.00 for each farmer. It would cover a specified acreage, including wheat, oats, barley, rye, flaxseed, and summer fallow. One well known Canadian economist points out that they have no quarrel with the idea of a payment as such, but they do take exception to the method of applying same. It would be neither a correction nor a cure, and he feels that it is wrong to regard the senior government as the source of all wealth and as a benevolent institution ready to pour out millions of dollars when demanded. He feels that the method is a myth, which finally must be exploded, and the sooner, the better. However, it is possible that this may be the forerunner of more comprehensive, carefully prepared farm legislation to be introduced in the next session of Parliament.

The Department of Agriculture of the University of Illinois points put that from late 1957 to early 1958, spending for food had actually increased in spite of serious unemployment. This is probably due to the fact that families have cut spending for other things, which left more money for food. Also, the reduction in supplies of meats, vegetables, and fruits forced more families to spend more for food if they wanted to eat normally. Looking ahead, if the consumer again buys more new cars and other things on time, he may have less money to spend for food, but more plentiful supplies of food, especially eggs, pork, fruits, and vegetables may permit him to satisfy his hunger with a smaller percentage of his budget.

An official of the USDA, speaking on the subject of the present size, composition and expected change of U.S. wheat surpluses, thought there was little chance of an increase in the domestic consumption of bread, wheat, or even in the feed demand. As a matter of fact, the feed market, which was a larger outlet for wheat in former years, has contracted considerably because of the support program. The theoretical view is that rising world population will in the long run solve the problem but with the world so divided politically, it is impossible to see when and how this increased demand could be made effective. Europe could help considerably in solving America's problem, provided there is no excess production in that area, as wheat can be grown cheaper in the U.S. than in Europe, although at the present time all European governments subsidize their wheat farmers.

The visible supply figures for wheat, which were issued after the market closed yesterday, showed an increase of 1,251,000 bu, making the total about 401 million bu, or approximately 38 1/2 million bu more than a year ago. Primary receipts of wheat today were 3,162,000 bu vs 5 million bu last week and about 1,700,000 bu last year. So far this week Minneapolis and Kansas City wheat stocks increased 334,000 bu.

Weather in the U K over the weekend was unsettled, again delaying harvest, while in Canada the weather is favorable.

There was not very much activity in the wheat market today. It was reported that Columbia bought two cargoes of wheat. Flour business is very quiet at the moment. There seemed to be liquidation in both September corn and beans. Generally speaking there is no change in the tenor of news over the Corn Belt. The government weekly report states that above normal temperatures over the central and southern portions of the Corn Belt were welcome to hasten maturity. In Minnesota, the later crop was benefited by rains, although many localities are still dry. In Iowa, prospects continue excellent, with 90% expected to mature by normal frost dates. In Illinois, maturity is at least a week later than average, while in Indiana 21% is safe from frost compared with 35% last year.

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CHICAGO, 4 September 10, 1958

After the close of the market tonight, we shall have a government report. Insofar as winter wheat is concerned, there will be no change, and we shall be living with the present figure of 1,170 million bu until next December, at which time any revisions or changes will be announced. As for spring wheat, we expect that an increase of about 25 million bu over the August figure will be given so that total production in these two categories will be somewhere in the neighborhood of 1,445 million bu. This is a record yield and the figure is so large that it taxes the imagination. On the other hand, we have been saying right along that an artificial situation could develop later on if enough wheat were impounded and thus removed from commercial channels.

Late yesterday, USDA furnished us with some figures, and this was the second report made this season showing total quantities under support through August 25th. There was 237.5 million bu under price support loans and purchase agreements, whereas last year through August 15th, farmers had put only 36.1 million of their wheat into the loan. By September 15th, the quantity had risen to 98 million bu and, of course, the third report is generally important because by that time fair quantities of spring wheat are impounded. For the entire 1957 season, there was 256 million bu wheat under support, and considering that we have until January 31st for farmers to take advantage of the loan, we would not be at all surprised if this year's total were a record for all time. It is interesting to note that of the 237.5 million bu presently under support, 180.5 million bu was wheat on which farmers in the three states of Kansas, Oklahoma, and Texas had availed themselves of the program. Those three states raised a total winter wheat crop of 475.5 million bu; so it is apparent that more than one-third of the wheat harvested has been taken out of commercial channels. In the soft winter wheat states the program has not been as effective, and only 5 million bu has been impounded in Illinois, Indiana, Michigan, and Ohio combined. This latter figure may grow although a fair amount of wheat has already moved in those territories, owing to the fact that it contained high moisture content and more was sold than would have been the case if the wheat had been dry. In the Pacific Northwest, taking the states of Washington, Idaho, and Oregon, there was 17.5 million bu wheat tied up. All this is having at least some influence on the market even though yesterday's figure was not entirely unexpected.

Broomhall's foreign crop comment spoke of more favorable developments in European countries, although the harvest is still very backward in some places, and yields, together with quality, have been affected to a varying degree by adverse conditions during the later stages of the growing season. It is thought that in France the crop may be as much as 20 to 30% lower than last year and the wheat still standing is starting to sprout, so that from a quality standpoint it might also be affected since 30 to 50% of the wheat is still standing. In West Germany, weather has been favorable and rye harvest is nearly finished, with wheat harvest proceeding rapidly. The quality of the latest arrivals is showing considerable improvement but an unusually large percentage of the total crop is of poor quality. In Italy corn is reported to be in good to excellent condition.

Primary receipts of wheat were a little over a million bu which compared with 2.9 million bu last week and 1.2 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 442,000 bu.

During most of the session wheat prices were firm, and this was probably due to the report on impoundings, but commercial business was not particularly active although there was some spring wheat flour booked and early in the day somehedges were taken out of the market both here and at Minneapolis. There was also some buying of September wheat by an elevator concern. Towards the last, however, there seemed to be some realizing sales and probably some evening up prior to the government report. The July future was weak.

Corn prices were rather firm early, which may have been partly in sympathy with the advance in wheat. The September future lagged a little as one of the industries is said to be out of the market for a few days although country movement is still very light. In beans there was some buying in November by a processor. The trade was not particularly heavy and relative weakness in the September future seems to be discouraging bullish enthusiasm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 11, 1958

The government report which was issued yesterday after the close furnished no surprises in wheat. The estimates for winter wheat and rye are not based on current indications but are carried forward from the August report, but spring wheat production was increased nearly 26 million bu. So we are now dealing with a total wheat yield of 1,446 million bu, which was in line with most thinking, but, nevertheless, this represents an increase of 330 million bu over the 10-year average crop, when in most cases acreage was a good deal larger than it is at the present time. The wheat yield of 27.0 bu per acre is a record high and compares with 21.7 bu per acre last year and the 10-year average of 17.7. The combined result of technological development and timely rains brought about this high result. The corn crop, which is second highest of record, indicates that we may harvest 3,588 million bu, which is an increase of 100 million bu over last month and compares with a 10-year average of 3,144 million bu. Here again we find that the per-acre yield is very high, amounting to 49.0 bu vs a 10-year average of 38.8.

The big surprise probably came in the sorghum crop, which is now estimated at 579.1 million bu compared with nearly 562 million last year and on an acreage cut of about 20%. The national yield per acre is 34.7, with no comparisons shown for the past. The oat crop was also raised considerably, promising a return of 1,419 million bu, which is considerably better than average, but the crop did not quite come up to the expectations of the private expert, who had counted on a return of 1,532 million bu. Soybeans turned out better than most people had expected and the forecast of 560.7 million bu compares with the last government figure of 535.8 million bu, so that we shall be dealing with the largest crop in the history of the country. Altogether the Agriculture Department has found further signs that 1958 is turning out to be the most productive American crop-year in history. All this, of course, had its influence on the market this morning, although it was tempered by the fact that markets had to some extent discounted the news.

Our agricultural exports during the last fiscal year were about 15% smaller than the season earlier, and amounted to slightly over $4 billion. The U.K., Japan, Canada and West Germany are still our four best customers, and in the order mentioned. It is predicted that wheat shipments will about approximate the 401 million bu that we cleared the year before, including private relief and various government programs. The European market for wheat is limited to an outlet for only higher quality bread-wheats necessary for blending with locally-grown grain to make an acceptable flour. Compared with prewar, Europe's wheat imports are only 27% larger, while non-European imports have doubled. Among other areas the most remarkable by way of import gain is Asia, where yearly totals have run over 350 million bu in the past two years compared with only 70 million before the war. India last year took $179 million worth of our agricultural products, and just a few days ago we granted them an export allotment of $200 million under P.L. 480, so that their purchases may improve a little. However, shipments generally may not provide much increase although another record year is in prospect for feed grain exports. In the year ending June 30th, we shipped a new record of 9 million short tons and the coming year promises to be even better. According to Broomhall our wheat and flour shipments last week were 5.5 million bu, making a total of 63.4 million for the season vs 70.8 million a year ago. Corn shipments have totaled 163.4 million since last October vs 149.7 million a year earlier.

Primary receipts of wheat were 2.4 million bu, a little more than last week and heavier than last year. Kansas City and Minneapolis wheat stocks so far this week show a net increase of 518,000 bu.

Markets generally were on the easy side at the beginning, but a little local buyingcame into both wheat and corn toward the end of the session, bringing about recoveries. The spot basis on corn was 5 to 5 1/2 over, and country selling continued small. There was some movement of beans downstate, but at a discount of 1/2¢ under November, some purchases of September beans occurred, which kept the nearby month in line with the deferred. Flour business was not of any big volume, and there was no business of consequence in export channels. Winnipeg rye futures strengthened on reports of sales to Sweden which in turn helped our market.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 12, 1958

The Research Department of Searle Grain Co., Limited, of Canada has an interesting comment on the 1958 Canadian wheat crop. They say that in Saskatchewan and in portions of Manitoba outcome this year will probably be recorded in history as one of ths most remarkable ever attained for producing a fairly good crop on their limited moisture supplies. When the rainfall figures have been compiled and analyzed it will be possible to make a direct comparison with the disastrous drought year of 1937. Preliminary figures indicate that in Saskatchewan, where the estimated yield is now placed at 13 bushels per acre, the growing season rainfall for the whole province was actually less than in 1937 when the final outturn was only 2.6 bu per acre. In parts of Manitoba the situation was similar but not so marked. A number of factors have contributed to this tremendous difference in yields between the failure crop of 1937 and the moderately good crop of 1958. The overall moisture showed some variance, and this season there was more available at a depth from the previous fall than was the case in 1937, when a deficiency had been carried over from the year earlier. But more than this, the cool weather which went well into July meant little evaporation, and therefore whatever moisture did fall was used to the maximum. Another factor is that 80% of Saskatchewan wheat is now seeded on summer-fallow land, and this provides more moisture to the plant than when it is grown on stubble. This, together with other improvement in farming practices, chemical and otherwise that had been employed since 1937, which included the mechanical control of weeds and the improved varieties of grain, is another indication of what technological factors can accomplish.

Secretary Benson spoke at the Kansas Free Fair at Topeka yesterday, and amongst other things he pointed out that over 5 million acres of wheat acreage allotment land were held out of 1958 production in the Soil Bank. There were 55,988,000 acres planted to wheat this year. With a national wheat acreage allotment of 55 million acres it is obvious that nearly 6 million acres were planted over allotment by farmers who considered it profitable to pay the penalty of 45 percent of the support price, which is $1.12 a bushel--or hold for delivery in years of reduced harvest. He pointed out that acreage allotments as now provided in the old present legislation are not effective in controlling production. National acreage allotment is almost one-third less than the wheat acreage of just a few years ago, but yet surpluses continue to pile up.

We have been trying to find out for some time more about agricultural conditions in Soviet Russia. Corresponding with the Foreign Agricultural Analysis division of U.S.D.A., they tell us that very shortly there will be some first-hand impressions of conditions in the Soviet, owing to the fact that the Department of Agriculture has sent six agricultural groups to Russia this summer and early fall. In the October issue of Foreign Agriculture there will be a resume of conditions as they were found by these experts. Reports of the other group will also be published in the same magazine. We have asked for an early copy, which we think should be helpful in pointing out present-day issues in that country. Three additional teams from each country are to be exchanged in 1959, and this delegation exchange plan is in accordance with an agreement between our two countries, providing for a general program of exchange in cultural, technical and educational fields. It is hoped to be a significant step in the improvement of mutual understanding with the people of U.S. and U.S.S.R.

Primary receipts of wheat were 2.8 million bu compared with 2.1 million last week and 1.7 million last year. Kansas City and Minneapolis stocks so far this week show a net increase of 382,000 bu. When the visible is posted on Monday it will compare with a decrease of 1.1 million bu last year.

The President told the Nation last night that he did not believe we are going to war in the Formosa Straits, but he warned that there would be no appeasement of communism. This may have had a little influence on markets. Wheat prices strengthened with no appreciable improvement in commercial demand, although Brazil is expected to be in the market shortly for the purchase of 150,000 tons of wheat for which they previously had negotiated. Corn prices were somewhat higher, although there was no spirited buying. Soybeans were higher, and there was fair investment buying, plus the fact that the meal market has also received better support.

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CHICAGO, 4 September 15, 1958

There have been periods in the past when the use of wheat for non-food purposes was very great. We have particularly in mind the year 1943, when the total domestic disappearance was 1,237 million bu. At that time we were feeding almost as much wheat to livestock as we were to humans. We were also using fair quantities of wheat during the war for the manufacture of alcohol. Those outlets, however, have largely diminished. Moreover, we now find ourselves on a very competitive basis, so that we must meet world competition with offerings that come up to the standards of quality of other countries. Wartorn nations, which once welcomed donations of wheat of any quality, are back on their feet economically, and they are spending mostly their own money, demanding a good milling wheat, although we are still using some government programs for export. However, our total clearances are down from the high point that was reached in 1956, when, because of poor European crops, we shipped 549 million bu wheat abroad.

As for our domestic markets, very little wheat is used any more for livestock feed, and this is due mainly because of price support, which put it out of line. As recently as 1952, we fed some 83 million bu wheat to animals but this declined to 36 million bu last year. The largest use is for food, which amounts to about 480 million bu per annum. However, even this consumption of wheat flour has declined on a per-capita basis. At the turn of the century it amounted to 225 lbs per person; as recently as 1940, it had fallen but still amounted to 152 lbs. By 1955, which is the last year for which we have a computation, it was reduced to 121 lbs. This trend, even taking into account our increased population, has been equivalent to the loss of 120 million bu in the annual outlet. It is probably another way of saying that with more than 170 million people in this country, we are not consuming any more wheat at home than we did in 1920, when the population was only 105.7 million persons.

There are extensive research projects under way to develop new industrial uses for wheat but nothing important has shown up yet, as has been the case in corn whereby domestic consumption would greatly be increased. It is because of these situations that we shall end the present crop-year with probably the largest carryover supply we have ever had in the history of our country. According to USDA our wheat stock will increase 420 million bu in this 12-month period, and is expected to rise about 1.3 billion bu. If this happens, it would far more than wipe out all the gains we have made. Between 1955 and 1958 we were able to whittle down the burdensome wheat carryover by 155 million bu. During that period we reduced production substantially through the Soil Bank and have maintained very high levels of wheat export through beneficial but expensive export programs.

Over the week-end we heard that in the Springfield, Illinois area, elevators took in good quantities of soybeans and many of these were sold. North of that point, however, very few beans have moved. If weather remains clear, it will probably be toward the end of the week before the bean harvest gets fully under way. Soybean prices dipped 5 to 6¢ per bu at Chicago during the past week and 8¢ at Minneapolis in a further adjustment to a new crop basis, as harvesting of the record 561 million bu crop started.

There were some wonderful rains in the Southwest and light to heavy rains were quite general across the Prairie Provinces, which will delay harvesting operations. Moisture in our Northwest was generally light. According to Broomhall, weather over Europe had improved considerably and harvesting operations were rushed in an effort to complete work before any adverse conditions set in. Yields have undoubtedly suffered but the extent of deterioration cannot yet be determined.

Chicago wheat stocks decreased 476,000 bu, leaving 18.4 million bu here. Local corn stocks declined 598,000 bu, and the bean stock decreased 440,000 bu, leaving 625,000 bu in Chicago.

Not much attention was paid to political factors in the Far East, but tension recently has been relieved. Wheat was a little lower, but trade was very dull and commercial business was light. Corn was also down fractionally, with fine weather over the weekend. Beans showed a greater decline, and all trading months were weaker, but September did not lose any more ground on the November, despite some reports of new beans being sold to processors. Rye was down, but that market merely reacted after last week's strength.

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CHICAGO, 4 Sept. 16, 1958.

The Commodity Exchange Administration classifies as large traders those who report their trades and who hold 200,000 bu or more in one future on one market. In the category then of large traders, it is interesting to note that from end of July to the end of August the open interest of these accounts increased 3.9 million bu on the long side while there was an increase of 5.5 million bu on the short side. Thus, it can be seen that there were nearly as many who felt friendly to the market as those who thought it was too high. In the field of hedging during the same period, long commitments increased by 14.3 million bu, while short commitments increased by 13.6 million bu. There was about as little change in the so-called "small traders" that comprised speculative and hedging lines in the non-reporting group. With so little variance in these three fields of trade, it is probably no wonder that the wheat market has not shown greater fluctuation. We so often have a different situation at this time of year: namely, the building up of short hedges by those who accumulate wheat, and thus a short position on their part is offset largely by speculative longs. However, the market is not being called upon at the present time to absorb hedges in large measure. The fact that so much wheat has gone into the loan has brought smaller free supplies to market, and, generally speaking, the quantity of free wheat owned by elevator interests is comparatively small. The fact, however, that there have been almost as many large speculators going long as there have been large speculators going short is also of interest to show an evenly divided sentiment, and this has made for rather uninteresting markets.

Secretary Benson recently called attention to the fact that from 1954 until late 1957, the commercial storage was increased by more than 600 million bu and he also stated that the rate of increase has been even greater this year, by which we assume that he means that 200 million bu or so of storage capacity has been added. He goes on to say that the government has continued to encourage increased farm storage under special loan programs. During recent years farmers have added about 350 million bu new space, which probably accounts for the fact that there is so much grain being held back, probably including ineligible wheat which could only be sold under very heavy penalty, (45% of the support price,) which is $1.12 a bu. Of course, these farmers may be holding for delivery in future years when possibly there will be smaller crops.

There was not much overnight news; nothing important is being heard yet from the Warsaw Conference. A meeting took place yesterday for nearly three hours and was adjourned until Thursday. The hope is to stop the shooting in the Far East on the Nationalist-held Quemoy Island.

In this country we had a fair amount of moisture in the Southwest, most of which fell in Kansas but some in Texas. There were also overnight rains in Illinois, the heaviest at Peoria where it measured about 2 1/2 inches, and nearly the same amount at Kankakee. This has stopped the work of combining and may have been responsible for early strength in corn and beans. We find that some barge wheat is moving from Chicago to St. Louis and Galveston, with about 86,000 bu going out of here, while today's wheat receipts were estimated at only 2 cars.

The government weekly grain reports states that corn in Iowa is about 75% dented, and 90% expected to mature by frost dates. In Illinois, maturity is lagging about two weeks behind average in northern portions, and somewhat less in southern sections. In Indiana, 40% safe from frost compared with an average of 75%. There was not much activity in the wheat pit, although July wheat, the new-crop month, showed the most strength. Bakery business is light, but a fair amount of family flour is being sold. Beans were helped by the strength in meal; also the fact that there was some buying of September due to rains which have temporarily slowed up harvest. There was not much feature to the corn market.

The wheat visible figures which were posted late yesterday, showed an increase of 4 million bu, and now total a little over 405 million bu, or about 44 million bu more than a year ago. Primary receipts of wheat today were 2 1/2 million bu vs 3.1 million last week and 1.4 million last year. So far this week Minneapolis and Kansas City wheat stocks show a net increase of 17,000 bu.

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CHICAGO, 4 September 17, 1958

There were some overnight rains reported downstate and they extended as far as St. Louis where they were probably heavier than over other parts of the corn belt. This naturally had the effect of delaying field work operations, with combining stopped in many areas and the maturity of corn also slowed down. The 5-day outlook is fortemperatures somewhat above normal but more precipitation, and it seems difficult to get weather that satisfies everyone. Those who had hoped for early gathering of beans may be a little disappointed, but, generally speaking, rainfall was needed over many sections of Illinois, as soil moisture had become increasingly short. According to the state report these shortage reports were prevalent in most areas of the state. As of September 12th, the reports showed that 38% of the area needed moisture, 61% reported ample, and only 1% had a surplus. The rains that have come recently were timely and well distributed, but as we mentioned before they naturally are having their effect on corn and beans, but mostly the latter.

According to Washington officials, the pinch for grain storage facilities will be eased by next year, and increases in commercial elevator space and more on farm storage will provide adequate housing, so that contrary to past years there should be enough room even to take care of the expanding surpluses. Commercial elevators, which are already able to store 3.5 billion bu grain, are expected to have another 300 million bu by the end of this year, and as we mentioned yesterday, storage facilities on the farms have also been increased at a rapid rate.

In view of all this we still believe that wheat impoundings from this year's production will be very heavy. The incoming carryover of wheat amounted to 880 million bu and all but about 27 million bu was tied up under government programs. This season our total production was 1,446 million bu; domestic disappearance and exports will probably take care of 1 billion bu, of which possibly 100 million will be furnished from CCC stocks through subsidies, scrip, etc., so that if 500 to 550 million bu went under support, we could again have an artificial situation. There are some in the trade who believe that with nearly 6 million acres of wheat that were planted above allotment, there is a great deal of ineligible wheat, and that some of it will come out after the turn of the year even though there is a penalty involved. This factor has kept many people from becoming aggressive on the constructive side of the market, although part of these supplies may be bonded, kept on farms, and retained until later years, particularly with the large storage facilities that are now available. Much, of course, will depend on the price level between now and January 31st. A sharp advance in the price of futures or strengthening of premiums would bring more wheat to the free market. For example, at Kansas City ordinary one hard wheat is selling at about $1.91 per bu compared with a gross loan of $2.15 or the net loan of about $2.06. On the other hand, 13% protein wheat is selling approximately 18 to 20¢ over the Kansas City September future, so that on this type of wheat the price is practically as good, or possibly a few cents better, than the net loan.

Primary receipts of wheat were 1,793,000 bu compared with a little over 2 million bu last week and only 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 76,000 bu.

Trade was rather light in all pits. The state reports onthe whole were about as had been expected, and while the five-day weather outlook, which we mentioned earlier, was not optimistic, the mid-day forecast was for rains ending this afternoon, with mostly cloudy and colder weather in Illinois, Indiana and Ohio. For Iowa, weather is expected to be mostly cloudy this afternoon and tonight but warmer in the northwestern section of the state. Probably for this reason corn prices were not particularly gimpy. There were fractional advances at times but no heavy buying. The spot corn basis ruled from 3 1/2 to 4¢ over. According to The Southwestern Miller bookings of family flour were near the lowest rate of the crop season. Some more hedges were covered against the Brazilian business but apparently one export house that had anticipated getting the order, which went elsewhere, sold, so that the market did not derive much benefit from this transaction. September beans were quite strong because of delayed movement due to rains, and they went to a premium of about 2¢ over November, whereas previously they had been selling at a discount. As we see it, the beans are all there even though they may be delayed.

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CHICAGO, 4 September 18, 1958

The government announced that the corn referendum vote would be held on November 25th. Farmers will vote on the question of either discontinuing the acreage allotment program with the price support rate based on 90% of the average price for three preceding calendar years, but not less than 65% of parity, or continuing the present acreage allotment program with supports between 75 to 90% of parity. If a majority of producers vote in favor of discontinuing allotments, supports for other feed grains are mandatory. In either case the Soil Bank Acreage Reserve Program will be discontinued for corn and other basic crops in 1959. Under no stretch of the imagination can anyone say that the corn program has worked out favorably, and that the results were as intended by the framers of the legislation. Like in wheat, acreage controls have not worked, and with better farm techniques and good weather, crops have been so large that production has increased, and the carryover reserves have accumulated on a larger scale than ever before. A record corn carryover of around 1,525 million bu is in prospect for October 1st, and when this is added to the estimated crop of 3,589 million bu, we shall have a total supply for 1958-59 in excess of 5 billion bu for the first time in history. This would be nearly 300 million bu above the 1957-58 supply, continuing the upward trend of recent years. The prospective supply this year is more than a billion bu above that of four years ago.

Total feed production this year is estimated to be 151 million tons, which is 8 million tons larger than the record crop last year and 26 million tons above the 1952-56 average. In addition pastures have been unusually good over most of the country throughout the summer. Another big hay crop is being harvested and with the large stocks carried over from last season, the total supply of hay is the largest of record. There is, of course, another side to the picture. The big feed supplies and the favorable livestock feed price ratios are expected to bring an increase of about 5% in the number of grain-consuming livestock to be fed in the coming season. Thus heavier utilization of feed grains and other concentrates is in prospect. Still the big feed-grain crop is ample to meet these heavy requirements, and probably will also boost the carryover stocks one year hence by about 25% over the prospective 60-million-ton carryover into 1958-59.

There was a Canadian crop report which stated that previous estimates on yield were being well maintained and in some cases exceeded. In Saskatchewan 78% of wheat, 75% coarse grains, and 50% of flax has been threshed.

Weather seemed to have improved overnight; clearing conditions were reported over Illinois and Indiana with no precipitation in sight, although some scattered showers are likely for both Iowa and Ohio. Since a good deal of yesterday's buying in beans had been due to adverse weather it was natural that we had some reaction this morning on prospects of clearing skies. It was also clear in the Southwest. The Oklahoma weekly crop bulletin spoke of light rains and showers last week, which had been beneficial. Farmers were preparing soil for wheat and other small grains, with field activity becoming more general. In the western Panhandle about 40% of the wheat has already been drilled and surface moisture is adequate for germination except in those localities that were by-passed by recent rains.

Primary receipts of wheat were a little heavier at 2.2 million bu, which was less than last week but twice as much as last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 231,000 bu.

Wheat trade was not active, although there was a fair amount of hedge-lifting by an export house presumably further covering against the Brazilian business. This gave us firmness at times, but flour business was dormant, and we are missing commercial business at this time. Beans were weaker due to improved weather. We asked our downstate offices when combining might start again. Most of them seemed to think that with no further rain a few fields might be ready today, but that work should be quite general by tomorrow, and at the latest Saturday. September beans, which had been sellingat a premium over November, weakened on local selling and liquidation prior to termination of trade tomorrow. September corn on the other hand, was strong, and country offerings are next to nothing. However, the deferred months were quite indifferent, and it is generally acknowledged now that the feed grain situation is such that it will be difficult to have anything but temporary strength, at least for the time being. Oats were firm both here and at Winnipeg.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Sept. 19, 1958.

Price support operations of the Commodity Credit Corporation are finances in large part, although not completely, by borrowings. If CCC needs funds they are authorized by statute to get their money from the government, and at the present time they have a total borrowing authority of $14.5 billion. As of June 30th, they had in use nearly $12 billion, which still left a statutory borrowing authority of about $2.5 billion. In computing what the various price support programs cost, we doubt whether the question of interest is ever calculated, but since the government is borrowing heavily through bond issues, we figure that the interest cost would amount to about $360 million per year.

For the fiscal year ended June 30, 1958, price support operations showed a loss of over a billion dollars without this interest charge, and for the year before price support operations cost the government about $1.3 billion. Then, of course, there are various other charges, such as maintaining CCC offices at various locations for the handling of loans and the merchandising of grain, as well as for carrying out the various export programs. On IWA wheat that is shipped abroad a subsidy of 70 to 80¢ per bu is paid exporters to bring wheat in line with competitive values in other countries; so this, too, is a very costly operation. CCC has not had to worry too much about finances because when they run out of money either its notes are cancelled or its borrowing authority is extended. Through such steady growth, Commodity Credit Corporation is today the second largest corporation in the world, exceeded only by the Federal Reserve Bank of New York. All this, of course, would not be too serious if the various loan programs had been effective, but the building up of stocks, particularly in wheat and corn have brought about greater storage problems, and when these surpluses are accumulated even the price level is influenced because there is always the fear that some day the grain may have to be liquidated.

Overnight weather was satisfactory in the corn belt and the daily forecast is also for clear skies but some rain is expected, according to the 5-day outlook, and for Illinois and Indiana precipitation may average from 1/2 to 1 inch by way of showers that are expected to occur by Sunday or Monday. There is also the possibility of rains in the extreme southwestern portion of this area by Friday night.

According to Broomhall, USDA wheat and flour shipments for the week were 5 1/2 million bu, and since July 1st have totaled 71.4 million, which compares with 77.8 million a year ago. Since August 1st, world shipments from the four large exporting countries have been nearly 94 million bu, or practically the same as last season. Our own corn exports for the week were close to 3 million bu, and since last October we have cleared 167.5 million bu compared with about 151 million bu last year. Not much export business was reported overnight, although Pakistan was said to have taken 4,000 tons white wheat via the Atlantic and Formosa purchased a cargo of soybeans for last half October-first half November shipment. Israel also bought a cargo of #1 hard wheat for October shipment.

Primary receipts of wheat amounted to 2,380,000 bu which compared with 2,804,000 bu last week, and only 1,172,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 297,000 bu. When the wheat visible is posted on Monday it will compare with a shrinkage last year of just over 4 million bu.

Flour business was about as quiet as it could be, so that the market derived no inspiration from that source. There was some selling of July wheat on a statement that Secretary Benson might try to seek lower percentage supports for wheat but this could not be effective until 1960, as the minimum wheat loan has already been set for the 1959 crop at $1.81 at the national farm level. This was done under a forward pricing provision authorized for the Secretary of Agriculture in advance of planting time.

There was considerable activity in September corn and September beans before expiration. Beans went out very firm but September corn broke about 5¢ per bu. There were no surprises in wheat, although there was a slight narrowing of the spread between the expiring month and December. Deferred futures of beans were a little firm because of the fact that the September future closed at a premium over November. September oats went out quietly, while September rye was very firm.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 22, 1958

There was not much direct news over the weekend to affect wheat. Some additional moisture in the Southwest has further improved prospects for winter wheat. Weather in Canada has been favorable for harvesting. There was some further tension created over the Far Eastern situation, when our President returned the last letter to Mr. Khrushchev, and some traders were a little nervous over the situation.

Despite the fact that we have raised a bumper crop, there has been enough new storage facilities built so that farmers have experienced no great difficulty in obtaining room for loan tie-up. Whether any wheat will be liquidated to provide space for new crop milo, corn, and soybeans, which are all at peak production, remains to be seen.

According to the USDA the rise in per-acre yield of feed grains is the major influence in the upward trend in production. The national average yields of each of the four feed grains in recent years have tended upwards, reaching a new high point this year of over a ton per acre. More acreage has been seeded to oats, barley, and sorghum grains in recent years than prior to World War II, but this has been offset by a steady decline in corn acreage. It has been announced that the referendum vote would take place on November 25th, at which time the corn growers will have a choice of voting for no acreage allotments or a designated commercial producing area, with a level of the support price at 90% of the average corn price received by farmers during the three preceding years, but not less than 65% of parity. The alternative would be a continuation of the present program, with acreage allotments and with supports ranging from 75 to 90% of parity.

As Under-Secretary of Agriculture True D. Morse, has pointed out, it has been the Acreage Control Program that has helped to greatly distort the agricultural production patterns of the U.S. As recently as twenty years ago, the commercial corn area included 566 counties, largely in the corn belt in twelve states, while now the commercial corn area includes 900 counties in twenty-six states. The distortion followed a drastic cut in acreage of cotton and wheat. There has been a cutback of 54 million acres, - 32 million being in cotton while 22 million acres of wheat have been cut back from the peak. Should acreage controls still be the choice of farmers, it is indicated, with the present surplus, the allotment of acreage for corn would probably be about 33 million acres, or 15% below the allotment in 1958.

Broomhall comments that late August rains in Argentina were generally favorable for wheat and other cereals, although they interfered with the movement of maize. The Australian crop is forecast at 180 million bu, which would be 100 million bu above last year's outturn. There have been heavy monsoon rains in India, which seem to assure the success of their winter crop. The same source also reports that much inferior grade wheat is indicated in the U. K., Ireland, and West Germany and in a number of other countries on the Continent, although recent better weather may improve the quality and the yields. Algeria, normally a surplus producer, has had a short bread-wheat crop this year, with imports needed.

Chicago wheat stocks decreased 121,000 bu, leaving a balance of slightly over 18 million bu. Bean stocks declined 212,000 bu, and now total 413,000 bu. Rye stocks decreased 186,000 bu. Primary receipts of wheat today totaled 3,627,000 bu vs 4,333,000 bu last week, and 2,154,000 bu last year.

Fluctuations in wheat were within a very narrow range, and very little interest was expressed in that grain today. We did not hear of any export business except a parcel or two, and flour demand was mostly at a standstill over the weekend. Corn was also nglected. Beans were stronger, probably influenced by the August crushing figures, which were again very large --slightly over 31 1/2 million bu. There was also some disappointment that more hedging pressure was not felt this morning. While bookings of beans in the St. Louis area were fairly heavy over the weekend, this morning Illinois points reported very moderate amounts were harvested and very few beans were sold. With the weather which now prevails we expect harvesting to assume larger proportions. The corn-hog ratio as of September 20th was 16.5, which compares with 14.7 a year ago.

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CHICAGO, 4 Sept. 23, 1958.

Nations do not always take their cue from history. In the Argentine, when the present government came into power after the fall of the Peron regime, it was hoped that the drift would be away from monopoly control which had so discredited the former administration. However, there are some now forecasting the establishment of a new Board with full control over the production and marketing of the country's agricultural products. To quote one source: " There is to be a state trading monopoly, which as such can establish prices for their export products according to the internal political needs of the government, such as low prices for all foodstuffs, wheat, etc., and financing by inflationary methods ... All those who are generally interested in the welfare and development of the nation are alarmed at the shape that coming events are now taking."

One economist compares capitalism in this country vs. the dictatorship of the Communist countries, particularly Russia. In Communist theory the shops, mines, and factories belong to the worker. In practice he gets little due to low purchasing power and concentration by the real owner of heavy industry: namely, the state. In this country millions share directly in ownership of the means of production and the great masses of the people are able to buy and enjoy the goods turned out in such rich and varied abundance. Ownership of the 100 largest non-financial companies is invested in 10.8 million registered stockholders, an increase of 60% in the past 10 years. While there is undoubtedly some duplication in the ownership of the stock, practically everyone has some beneficial interest in companies through pension trusts, investment trusts, mutual funds, insurance companies, and institutions for education, philanthropic, religious, research and other purposes. One has only to look at the number of workers' automobiles in the parking lots of factories stretched throughout this country to further realize the ability of the common man to buy back the products of our factories.

The next figures on impoundings to be issued in October will be eagerly awaited, as they will be the first figures on any spring wheat impoundings, and also represent what additional loans have been taken out on winter wheat. However, the substantial quantity that has been taken off the market is exemplified by wheat receipts reaching Kansas City during August. Last month there were only 2,649 cars, over half the in-flow of a year ago, and the smallest in several decades.

One grain house in Oklahoma has issued some figures dealing exclusively with their experience with their own country-line elevators, and reflecting their experience as to how it might affect the crop of their state. The government estimate was for a crop of approximately 114 million bu, of which 50 million was under support on August 25th. Again reflecting in the total their percentage of the receipts, 31 million bu has been purchased, or 27 1/2%. This would leave a balance free or subject to loan of about 32 million bu, or 28%.

The government weekly crop report states that in Iowa corn is about 90% dented which is about average for this time of the year, although slightly less than a year ago. In Illinois, rains occurred in the past week. Corn is lagging with 55% matured against an average of 88% for this period. Beans are also being somewhat retarded although from reports we have received from our Illinois offices bean harvest is in full blast around Gilman, progressing rapidly at Bloomington, and in full swing at Lincoln. Decatur reports not many beans cut yesterday, while Springfield also reports field work in good volume.

There is not very much in the way of wheat news today. One cargo of #2 red wheat was reported sold out of the Gulf last night to Yugoslavia. Our Fort Worth office states that while Gulf wheat is 3 to 5¢ over the loan, there is very little selling. There has been a tremendous increase in storage capacity, and it is estimated that with present storage and planned new construction, Texas, Oklahoma, and New Mexico will have 700 million bu storage facilities at the end of the year. This is exclusive of farm storage.

Beans were strong throughout the session. In view of the large crop it remains to be seen how aggressive the processor will be in bidding for early run of beans. The government sold about 700,000 bu corn under subsidy yesterday.

We omitted the visible in our Monday's letter --wheat stocks decreased 653,000 bu, and they now total about 405 million bu, or approximately 47 million bu more than a year ago.

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CHICAGO, 4 September 24, 1958

Next month the government will issue figures on impoundings as of September 25th. Last year the figures were given as of September 15th, when wheat impoundings were approximately 98 million bu, an increase of 62 million bu from the August, 1957 figure. Statistics in October will be the first figures reflecting the spring wheat territory, and we give below comparisons between last year on September 15th and final impoundings. However, no reflection is shown of redemptions, and it must also be realized that Montana is not entirely a spring wheat state:

	September 15, 1957	Final for 1957
Minnesota	728,823 bu	4,277,179 bu
Montana	4,430,080	28,682,728
North Dakota	6,914,621	48,533,705
South Dakota	5,373,674	16,813,813
TOTAL	17,547,198	98,307,425

The final outturn of spring wheat was about 240 million bu; the last government figure estimated the crop for 1958 at 276 million bu.

The Government Agricultural Marketing Service points out that lush growing conditions over much of the U.S. have steadily improved crop prospects. They comment that big harvests will put pressure on farmers' prices this fall and some further decline is likely. The farmer's realized net income for the first three quarters of 1958 is estimated at an annual rate of about $13 billion, 19% more than the same period of 1957. The boost in income is coming from higher prices, especially livestock, larger Soil Bank payments, and increased marketings, of which part are accounted for by sales delayed from late 1957.

Broomhall points out that last year more than 50% of French exports of wheat and flour found a market in the U. K. and West Germany. However, they feel that French wheat exporters and flour mills will be hard pressed tomaintain their hold on these markets during the coming twelve months, although quantitatively the crop may be higher than present commercial ideas. Much wheat has already been gathered under wretched conditions, which have left their mark on the general quality and moisture content of the grain. Our source of information is that France will have only a small surplus of milling wheat for export after her priority flour requirements have been met. There may, however, be several hundred thousand tons of feed wheat offered during the next few months owing to the poor keeping quality of the grain.

Overnight the government sold about 475,000 bu corn on subsidy, 140,000 oats, and some milo. Since the inauguration of the feed-grain payment-in-kind program, as of the week ending September 19th, the following has been sold by the government agency:

	Cumulative Total Since May 12th for Corn Since July 1st for other grains
Corn (bushels)	61,823,443
Barley (bushels)	24,137,661
Grain Sorghums (CWT)	10,904,120
Oats (bushels)	2,375,770
Rye (bushels)	2,006,571

Markets seemed to have a little war jitters today on a dispatch from Tokyo that the Soviet Union had deployed 1/2 million troops and 3,500 planes to the Far East. This led to new buying, and also short covering, with wheat showing strength throughout the session. We did not hear of any export business consummated overnight. According to The Southwestern Miller dullness persists in flour demand from bakers, but mills are experiencing a fairly brisk inquiry for export flour; however with their big backlog most mills are working at capacity. Although the harvesting of beans is progressing, our Springfield office today advised that most of the beans are going in storage in their area. Beans were further helped by strength in the by-products. Corn responded to the general strength in grains.

Primary receipts of wheat today were 1.6 million bu vs 1.7 million last week and 1.2 million last year.

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CHICAGO, 4 September 25, 1958

USDA in its Agricultural Outlook Digest states that comparing September 1st crop forecasts with those of a month earlier show increases for many products. Prospective feed grain production as of September 1st is estimated at 151 million tons, topping last year's record by 8 million tons. With a 60-million-ton carryover expected, total feed supplies will exceed the 1952-56 average by 9%. Although it is expected that feed requirements will rise next year, since the number of grain-consuming livestock is likely to be up about 5%, even so, the huge crop will exceed use, probably resulting in a one-fourth increase in carryover. Supplies of other feeds arealso large, pastures are good over most of the country, and the hay supply is a record. The record soybean crop and increases over 1957 in production of cottonseed and peanuts will mean more oilseed meal. Prices of feed grains and high-protein feeds have declined in the last month, and further seasonal reductions are looked for this fall.

In commenting on wheat, the report states that prices are running farther below the loan rate than at this time last year and are likely to continue to do so the rest of this marketing year. The main reasons are the huge crop, up 53% from 1957, and therelatively large amount of wheat grown on acreage outside the allotment program. Prospects for all oilseed crops also improved and the total, led by the record soybean crop, is up 16% from 1957. It is estimated that lard production also will be up, while butter output will be about the same. Total supplies of edible fats, oils and oilseeds (in terms of oil) for 1958-59 are expected to be nearly 14% larger than this year. In addition to increased production, carryover into 1958-59 will be up from the low level of the year earlier.

Prices of feeder cattle are likely to continue well above last year through the fall, although they may decline seasonally, and hog prices are also expected to decline seasonally the next couple of months. Increased hog marketings are in store for 1959 and increased winter farrowings of hogs are also in prospect.

There was no particular news to affect markets overnight, and apparently the absence of any worsening in international developments brought in some selling in all pits at the opening. There had been further moisture in southwestern areas overnight, all of which is helpful to new wheat crop conditions, while in the Central States conditions were mostly clear. According to reports from downstate Illinois, beans are not being sold as yet in quantity, and apparently farmers appear to be more interested in seeking storage. It remains to be seen whether processors will become more agressive in their attempts to purchase beans, but at least so far hedging pressure has been relatively light.

In export circles it was reported that Denmark bought a cargo of soybeans for November shipment, via the Atlantic. No export sales of wheat were reported overnight. Offers to Germany will be made Thursday on 39,000 tons spring or hard winter, and also 15,000 tons gulf hard 13% protein to Colombia at the week-end. Brazil is expected to be in the market for a sizeable quantity of wheat in the near future.

Markets were generally lower during the session. There were no news reports indicating any increased tension over the Formosan situation. In fact, there was a little optimism expressed over the fact that the U S and Communist Chinese Ambassadors' meeting in Warsaw had agreed to meet again next Tuesday morning. There had been increased signs that the talks were drifting toward a deadlock when the Ambassadors began their meeting today. However, the length of the meeting and the announcement of the new session for next Tuesday led some observers to comment that it indicated the Ambassadors still had room for negotiations, or at least that neither side was ready as yet to accept the onus of breaking off the talks.

According to The Southwestern Miller, only a small business was uncovered on the sharp advance in wheat futures, cash premiums and flour costs, and mills who hold firmly to prices, influenced partly by persistent tightening in the cash basis, while flour buyers to a great extent remained on the side lines.

Primary receipts of wheat today were 1,610,000 bu compared with 2,212,000 bu last week, and 1,251,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks have decreased 79,000 bu.

Weakness was most pronounced in beans, and some of the selling appeared to be in the nature of hedging. Meal and oil were also lower.

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CHICAGO, 4 September 26, 1958

The writer just flew back from Canada, where he had spent several days looking over the grain situation. Farmers across the Prairie Provinces have pretty well completed their harvesting operations and are now looking forward to some moisture before the fall freeze-up. Yesterday morning, for example, the Winnipeg temperature was down to 36 degrees but warmed up during the day. It has been a season of great moisture deficiency, so much so that a fair number of cattle have been moved from certain areas and exported to the U.S. because of insufficient water to take care of normal requirements. A few rains had fallen two days ago but yesterday clearing conditions set in again and it will require a fair amount of precipitation during the next few weeks if they are to get good crops next season unless, of course, spring rains make up for deficits. Pastures throughout the Prairies have improved considerably and yields of wheat turned out surprisingly well considering how dry it was during the growing season.

Their wheat crop, according to the last estimate was 338.7 million bu, so that together with the carryover reserve, they had a total supply of 953.5 million bu. This was a reduction of nearly 150 million bu from the year before and it apparently has given the Wheat Board some encouragement, although after allowing for home consumption, which should not exceed 160 million bu, it still leaves a net supply of 793.5 million bu, and there is little chance of exporting more than half that quantity. Total exports of wheat and flour from August 1st to September 17th amounted to 38 million bu, which was a somewhat smaller amount than had been cleared the year before. Their oat crop turned out somewhat better than had been anticipated earlier but Canada is not expected to ship us any oats this season. Before the end of their crop year the price of oats is likely to do better although for the time being there is some government selling, and chances are that deliveries on October contracts may be fairly substantial.

Here at home we have, of course, a very bearish statistical situation surrounding wheat. Allowing for possibly 7 million imports, which may be a little high, our total supply at the beginning of the crop year was 2,334 million bu, a record for all time. Of course, there was very little free wheat prior to the 1958 harvest, and of the 1,446 million bu that was raised this crop year, probably a billion bushels will go toward home consumption and export, so that in the final analysis everything depends on quantities that are finally impounded. There will, of course, be some wheat in the last carryover reserve that will be given to exporters under the payment-in-kind subsidy, so that actually it will take 500 million bu or more in the support program before an artificial situation is created; even this would take time to develop for the reason that we are making slow inroads into our stocks and the billion-bushel figure which we mentioned early is for a 12-month period and will not have its effect on the market during the first 6 to 8 months of the crop year.

News from Warsaw was, if anything, slightly more conciliatory and in some quarters it was thought that the critical political period might come at the end of next week. The talks are still continuing. This in itself is slightly encouraging for if there had been no hope of agreement, the meetings might have ended yesterday.

Grain stocks in the four principal exporting countries on July 1st were only slightly below the record total of lastyear, according to preliminary calculations. Wheat, rye, and oat stocks showed reductions from the high points while corn and barley stocks were at new records. While total supplies are nominally below the all-time high of a year ago, they are still a third above the average of 1953-57, a period in which each successive year established a new record.

The main feature today was the strength in nearby wheat futures, particularly December, probably influenced by the report that the U.S. and India plan to sign tomorrow a $238 million surplus agricultural agreement. It was indicated the new agreement involves 2,800,000 tons of wheat and some 300,000 tons of corn and sorghums. In addition there is prospective export business in wheat to Germany and Colombia although the tender for 40,000 tons of U.S. wheat for Germany due today was postponed to a later date. There appeared to be further hedge selling in beans, and weather permitting it is expected that harvest will proceed rapidly over the weekend. Corn also was lower and, according to our reports, the crop is maturing and curing satisfactorily.

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CHICAGO, 4 September 29, 1958

It had been expected for some time that a secondary corn loan would be put into effect this year for non-compliance farmers. It is estimated that probably not over 12 to 13% of the corn harvested this year in the commercial areas will be eligible for regular price support. For 1958, the advance minimum national average support for corn grown in compliance with acreage allotments was $1.36 per bu. Late Friday the non-compliance support was set at $1.06. In making this announcement, Mr. Benson stated that it applied only to this year's crop, and that there was no plan to continue this type of emergency action in the future. It was also stated that the secondary loan was made in order to help stabilize current feed grain and future livestock markets. The government apparently wanted to reduce the incentives for unwise overexpansion of hogs and other livestock. There were no particular surprises in Friday's action, because it was the third successive year that supports were offered growers in violation of allotments.

In wheat there was no special news. The market had been strong at the end of last week on the prospect of a large export business to India, and at the opening this morning prices were just a shade lower. Most people still believe that the clue to this year's price level will result from the amount of wheat that is finally impounded. According to government figures, on September 18th, No. 2 hard wheat at Kansas City was selling at $1.90, or roughly 15¢ below the effective support. In the Northwest No. 1 dark northern spring was selling at Minneapolis at $2.06, which was 5¢ below the loan. At St. Louis No. 2 soft red wheat was bringing $1.90 per bu, or 15¢ below the effective support. At Portland, where the price was $1.98, it was about 1¢ above the loan. In all instances these prices were above the low of the season by quite a margin, but, nevertheless, it would indicate that large quantities may still be impounded.

The Warsaw talks entered their third week today and a fifth meeting will be held tomorrow. There is some hope that tension with respect to Formosa has eased and that war threats are diminishing.

While not much was heard in export circles of any new business, we note that our clearances to-date have kept up pretty well, and according to Broomhall, we have cleared a little more than 80 million bu since July 1st, which compares with 84.4 million bu the year before. The same situation prevails in Canada where last week they shipped 4.4 million bu, or slightly more than we did, and their total shipments since August 1st are within a million bu of what was cleared the year before. In fact, world shipments are keeping up reasonably well, and we feel that this will probably continue owing to the fact that France and some of the other countries on the Continent had poorer harvests than were originally anticipated. Heavy rains caused some recent flooding in many sections of the U.K. and while only about 20% of the wheat remained in the fields, it required good weather to complete harvesting without further damage. Conditions in Argentina are favorable and most areas reported satisfactory conditions for wheat and other crops as a result of timely rainfall during recent weeks. However, additional moisture will be needed shortly in some sections.

Chicago wheat stocks decreased 608,000 bu during the week, leaving 17.6 million bu here. In corn there was a decrease of 291,000 bu, leaving 18.7 million bu here. Beans declined 406,000 bu, and the remaining stocks amount to 819.000 bu. The amount of rye in-store and afloat totals 2 3/4 million bu.

Trade was not very active. There was pressure on corn and beans; in fact, oats were also a little influenced by the decline in feed grain prices. Weather over the wekend was satisfactory, and the outlook for the next five days is for temperatures somewhat below normal. We heard from Springfield that there were good quantities of beans sold over the weekend both to cash houses and to processors. However, some elevators south of Springfield stated that a good portion of the beans everywhere were still going into storage. Flour business was extremely light, and a good many bakers are comfortably situated for the time being. Wheat prices were firm at the outset, but later lost ground, and there were some realizing sales that affected the market. July wheat, however, was relatively stronger than the nearby months, and as wehave been pointing out the spread between May and July will finally depend on the free stocks of wheat that we have in our market next May. The U S wheat visible showed practically no decrease for the week. The bean visible totals 2 1/2 million bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 September 30, 1958

As we have pointed out recently, the daily export business that is reported seems to be rather dull, and yet, total clearances for the season are almost as large as those of last year. We did get off to a slow start and during July clearances were only 26 million bu wheat and flour, which compared with 33 million bu a year ago, so that there was actually a decrease of 7 million bu for the first month of the crop season. This may be accounted for entirely by smaller shipments to India, which in July of this year were only 3 million bu compared with 10 million in July, 1957. Then we find that increased shipments to Belgium, Luxembourg, The Netherlands, Yugoslavia, Norway, and the U. K. more than offset declining exports to other European countries. Now that the P. L. #480 program with India has been instituted, we feel that shipments to that country will be enlarged, and we may find that total wheat exports for the season will even exceed the 400-million-bu goal that has been tentatively set. August was a better export month than July, and while the official figures have not yet been published, it is expected that clearances will be about 36 million bu against 34 million during August, 1957.

Canada is pushing her export program, and despite a somewhat smaller crop, hopes to export as much as last season, while at the same time she is trying to provide greater help for farmers. A payment of $1.00 per seeded acre will be made to wheat, oats, barley, or flax farmers, with a maximum of $200.00 a farm, and a total of nearly $40 million will thus be paid to Prairie Province producers. This, however, is only a temporary affair to provide aid until permanent programs are worked out. It is indicated that legislation for a comprehensive system of crop insurance is being considered.

From Australia we learn that the crop outlook is quite good, and forecasts on the wheat crop range from 180 to 200 million bu. A harvest of this size would be above average and sharply above the small crops of the last two years. The improvement came almost entirely from general and timely rains during July and August. However, recent rains were helpful. While information from Russia is sparse, and at times vague, the USDA Foreign Crops and Markets Report forecasts a record grain crop for that country unless unfavorable weather causes unusually heavy harvest losses in the so-called "New Lands." This is a recently developed area mainly in Siberia and Kazakhstan. It appears that there should be sizeable quantities of grain available for export during the current season.

In our Southwest, seeding of winter wheat will be in full swing next month and with the abundant soil moisture, farmers are encouraged to plant a heavy acreage again, so that they will probably ignore acreage curbs and sow more wheat than they did a year ago.

In a recent letter, we stated that there was only about $2.5 billion left in statutory borrowing authority of CCC. This figure has now been increased to $4.27 billion, and the revision is due largely to movement of Commodity stocks from its inventories. To show how heavy this business is, the out-movement for fiscal year 1958 totaled nearly $3.5 billion.

Primary receipts of wheat were less than 2 million bu, or about the same as last week, and compared with 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 72,000 bu.

There was a little selling of wheat on more conciliatory news from the Far East. Secretary of State Dulles said that the U S would agree to the withdrawal of Nationalist Chinese forces from Quemoy and Matsu if Communist China agreed to a dependable cease-fire. Action in wheat was erratic, and there was no definite trend. Corn futures were mostly firm, but paid little attention to the mid-day forecast of possible frost for northwest and central sections of Illinois, and also frost warnings were givenfor Iowa, Wisc., and Minnesota. The weekly weather and crop summary stated that in Iowa 90% of the corn was dented and hard, with 95% expected to mature by average frost dates. For Illinois and Indiana, maturity was later than usual with 75% matured compared with 90% average for this time of year. In South Dakota, most of the crop is safe from frost, while in Minnesota 65% is safe, 15% subject to moderate damage, and the remaining 20% subject to heavy damage. Beans were higher, and in our opinion would be less hurt by frost, although wet weather has interrupted harvesting operations, and with very little pressure on the market shorts had to pay up a little to cover commitments.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 1, 1958

After the close of the market yesterday, parity prices for mid-September were published, and there was virtually no change from the month before. Wheat remained at $2.43 per bu. Corn was also static at $1.76 but there was an advance of 1¢ a bu for beans, which rose to $3.04. Prices paid by farmers for family living items averaged the same in mid-September as in August. This was about 1% below the all-time high recorded last May. Declining food prices offset a general advance in prices paid for other categories of items used for living.

Overnight weather was about as had been expected. Freezing temperatures were reported over northern sections of the country and scattered frosts were reported in Illinois as far south as Vandalia. The same cool air with frost penetrated northern Missouri and many parts of Kansas, although mostly in the northern sections of that state. Corn is pretty well along, and in yesterday's letter we mentioned maturity and the amount of corn free from frost damage in several states. This morning we had the Illinois report, which showed that maturity was proceeding rapidly especially in the northern districts, and that around 75% of the corn crop is now mature compared with 79% last year and more than 90% average. Beans are seldom influenced by an early frost such as we have experienced, and if anything, it kills weeds but the crop has been hindered by showers and humid weather in many local areas but for the state about 45% of the beans have been harvested compared with 59% average and 36% last year. Overnight frosts in the commercial corn areas were not heavy and often when temperatures drop early in the morning and rise later, water in the stalks does not freeze; so there is still some doubt as to whether we shall have much soft corn. However, this factor is not always bullish because, if anything, it forces more corn on the free market, with possibly a smaller quantity stored or put under loan. It may, of course, force more corn into silage, which again is not necessarily a bullish factor.

Broomhall's Crop Summary showed variations of crop development on the Continent. Rains in some sections have caused further delay, while elsewhere clear skies have facilitated harvesting and movement into store. In France wheat marketings have been heavy as recent improved weather permitted completion of the harvest in most sections. Nevertheless, reports continue to stress the high percentage of wheat which will be suitable only for feed, and that possibly a third of the crop may be in this category. Recent private estimates are below the official figure. It is also thought that permission for importing large quantities of wheat may be granted shortly, and it is expected that this wheat will be furnished principally by the U.S. and the Soviet Union. Broomhall also commented on Chinese crops but his information was obtained from Communist sources, and for that reason the optimistic outlook may be somewhat exaggerated. Nevertheless, it was stated that grain harvest will top 350 million tons, which is far above the reported outturn last year. It is claimed that 39.5 million tons of wheat had been gathered through August, which would indicate a crop of nearly 1.5 billion bu or more than our record crop this season, but it should also be considered that China has a population of some 600 million people, whereas ours is only 175 million. Nevertheless, total grain production in China is said to be more than 90% over last year, and this we take is in addition to the rice crop, which is the primary food item in their diet.

Primary receipts of wheat amounted to only 1.3 million bu, although this was larger than last year and compared with 1.6 million bu last week. Kansas City and Minneapolis stocks so far this week show a net increase of 66,000 bu.

Trade in wheat was extremely dull, and the market had little feature. The Santa Fe crop report was rather encouraging for the 1959 winter wheat crop. Planting conditions are favorable and a large acreage is indicated. Corn was not influenced by the reports of frost, and chances are that very few important sections had a killing freeze. Beans were somewhat lower early, but a little stop-loss buying came into the pit later, and there was no great change. Kansas City wheat futures recovered a little. There has only been a slight pick-up in country offerings, and the total is still quite small.

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CHICAGO, 4

October 2, 1958

USDA made a forecast that the prices of hogs in the fall of 1959 are almost certain to drop to their lowest point since the fall of 1955. How nearly they approach that low mark depends on how much the total spring crop is increased. If the total crop should be up by close to the 20% in view for the first 3 months, prices next fall would be in grave danger of falling to the $10.60 they reached in the fall of 1955. If the expansion should be moderate, prices would probably remain above that low point by an appreciable margin. Apparently the favorable feeding ratios have brought about this adjustment, and there is generally a lag before the hog market feels the effects of heavier farrowings with the resultant increase in hog population. Production of hogs started upward this fall and apparently will continue upward in 1959, according to the government survey.

Shortly after the opening of the market this morning, Galvin reported on the October crop situation, and there were no great surprises. The indicated corn crop of 3,569 million bu is very large although shows a slight reduction from the government estimate last month. No change was made on winter wheat production but there was an increase in the estimate of spring wheat, which now carries the total to 1,468 million bu, and would be a record crop for all-time. There was a slight increase in bean production as compared with the official September estimate but not enough to be of any material significance. The expert also discussed winter wheat acreage and he anticipates that there will be about the same amount of wheat sown as last season, which we believe is conservative, as we have read elsewhere that there may even be some increases. The quality of the corn crop this year is expected to be good, and it is pointed out for the most part is safe from any serious frost damage.

Overnight weather showed that temperatures had become a little milder, particularly in the Southwest. This is hardly a factor in the market, although with a few days of clear skies resumption of the bean harvest is likely and by Monday there could be heavier receipts. On the other hand, we are not getting a big movement, but apparently, like in some recent years, producers are taking the early arrivals, so that there is not much pressure yet on the futures market.

As of last week seeding of wheat in the western third of Kansas was nearly completed, progressing rapidly in the central counties, and getting under way in the east. It is estimated that for the state as a whole 61% of the 1959 wheat crop had been seeded by September 22nd, which compares with 67% last year. With the exception of 1957 seeding has advanced as far as any year since 1950. The early seedings in western counties are up to generally good stands.

Wheat had a firm undertone throughout the session, with more strength being expressed in new crop months. There was nothing reported in the way of export business overnight. It is expected that before long there will be deals consummated under P L 480 with Yugoslavia, Japan and Pakistan, as well as several European countries. Flour demand is slow, probably due to less tension in the Far East. However, according to The Southwestern Miller there is a fair replacement going on in family flour, and some export business in flour is being booked. There has been some selling of warehouse receipts in the Southwest, but according to best advices we have had, it has not been of sizable quantities to-date, although prices are better than when original loan applications were made. This is particularly true in the higher protein wheats. CCC granted subsidies on about 225,000 bu of corn, and also 200,000 bu of rye --the latter on the Pacific Coast. Corn had very little feature. There seemed to be some hedging of beans, and new-crop lows were made in January, March , and May.

Primary receipts of wheat today totaled 1,670,000 bu, or about the same as last week, and slightly higher than on comparable date last year. Kansas City and Minneapolis wheat stocks so far this week show a net decrease of 106,000 bu.

The USDA stated that cattle numbers next January would be near the high mark reached in 1956, and in 1960 and later years the numbers will probably set successive new highs.

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CHICAGO, 4

October 3, 1958

The FAO, in a recent summary, states that the world's agricultural production declined slightly in the 1957-58 season, marking the first check to a steady increase which had continued since the end of the second World War. Growing agricultural surpluses in the more developed countries had led increasingly to policy measures to limit further expansion of production, and these had led in turn to a slowing down in the whole tempo of their agricultural development. As a result, agricultural production per head in these countries has shown no increase in recent years. In the less developed countries, on the other hand, demand expanded rapidly in response to even small rises in income and this was superimposed upon the increase due to the exceptionally fast growth in population. However, agricultural expansion was more difficult because of the lack of capital, poor technical methods, and other handicaps. The immediate outlook for the 1958-59 season, reported by the same source, is that no increase in export demand for agriculture and forest products seem likely, although over-all domestic demand for foodstuffs appeared likely to be maintained. They also comment that the increase in the volume of world trade in agricultural products in 1957 was again largely due tosurplus disposal operations in the U.S. and to a much lesser extent in Western Europe.

Broomhall reports that Argentine grain zones continue to receive timely rains and small grain crops generally have been making satisfactory progress. The crops are now entering the critical growing period and additional rainfall will be needed in the near future in some areas to maintain recent promise. The same source also reports that France may be forced to import a million tons of milling wheat. If this should be the case 200,000 tons might be bought in Russia and the remainder probably in the U.S., although Italy has an exportable surplus. Further rains in the U. K. are preventing harvest completion in a few scattered areas, and for the most part are delaying soil preparation for next year's crop.

In this country the Nebraska weather and crop report states that nearly all the corn has reached the dent stage, with 42% reported matured at the end of last week. While some harvesting has started, most growers are waiting for the moisture content of the grain to get lower. Nearly three-fourths of the winter wheat acreage is now planted, with seeding virtually completed in the western districts. Montana reports that the seeding of winter wheat has passed its peak and operations for the state as a whole were about four-fifths completed. Moisture reserve continues short in most counties east of the Continental Divide, while west of the Divide moisture is adequate. A message from Springfield, Illinois, this morning, stated that one elevator operator in that area has taken some corn out of the fields and he expects yields to run as high as 120 bu per acre. Of course, this is an isolated case.

One Canadian source advises that as threshing in Western Canada draws to a close, it becomes increasingly evident that the 1958 yields have been underestimated and that returns will be higher than presently anticipated. This is particularly true in the case of wheat and alsoapplies to other grains.

Primary receipts of wheat today were 1,577,000 bu vs 1,621,000 bu last week and 1,279,000 bu on comparable day last year. So far this week Minneapolis and Kansas City wheat stocks show a net decrease of 215,000 bu. When the wheat visible is posted on Monday it will compare with a decrease last year of 2,588,000 bu.

Wheat fluctuated within a rather narrow range today. We did not hear of any export business being consummated, and flour demand remains in a rut. In talking with the Southwest today, they state country offerings have slowed down. In other words when the market declines, offerings are withdrawn, and when the market goes up a couple of cents, a little more wheat comes from the country. So all in all wheat is working within a very narrow range at the present time. There was much more evidence of hedging pressure in the bean pit this morning, and with the continuation of favorable weather we look for receipts to pick up perceptively on Monday. While there has been somewhat of a holding tendency on part of producers, hedging pressure at least so far has had an effect and apparently fair quantities are being sold. Corn did very little. The government sold about 1/2 million bu of corn under subsidy.

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CHICAGO, 4

October 6, 1958.

Probably one of the sustaining factors in the securities market is the fear of deterioration in the purchasing power of personal income and savings. While it is probably felt in official circles that inflation can be controlled, nevertheless, up to date very little action has been taken to substantiate this view. Only recently there was an imposition of import quotas on lead and zinc, which at the present time only benefits a handful of people. Ship-building and steamship operations are subsidized, and we continue to subsidize the farmer in an effort to keep his prices and his income at an artificially high level. Probably one of the contributing factors to an inflationary tendency is the capital gains tax, which shortens the supply of common stocks as many do not want to make this sacrifice. As one economist points out: "In an economy that is as compex as ours, capital should be encouraged to flow from places where it is not needed to places where it is needed." It prevents the selling of stocks when bonds become depressed and interest rates become attractive.

The Dominion Bureau of Statistics September forecast confirms what we have pointed out several times --that yields in Canada have been better than originally estimated. The wheat crop is now placed at 367 million bu, oats a little over 400 million, and barley about 244 million bu, all of which show improvement since the figure of a month ago.

One of the key provisions of a new five-year Australian Stabilization Plan is a guaranteed return to producers of about $1.15 a bu up to 100 million bu wheat exported from the crop the first year of the plan. The remaining years would be subject to some possible adjustment. The guaranteed return per bushel is designed to enable the average wheat grower to meet all cash costs and to allow for replacements over a period of ten years at current prices. If growers with the use of up-to-date methods and equipment are able to exceed the estimated yield figures, they will reap the benefits. The plan is regarded as an incentive to the farmer to achieve higher yields. The Stabilization Fund is to be collected by means of an export tax equal to the excess of export returns over the guaranteed price, with a minimum of about 16¢ a bu. The ceiling based on the size of this fund is equivalent to about $44 million.

Weather over the weekend in this country was very favorable for crops. A message from central Illinois tells us that the soybean harvest is nearing completion, while west of Chicago the harvest is well along and will soon be over. There were 932 cars of beans in Decatur over the weekend. In reviewing the situation it seems that storage space is lacking in southern Illinois, and therefore, selling has been quite heavy, but in other areas farmer-selling so far has been limited.

Newsfrom the Far East was a little more favorable today, with the Chinese Communists stating they would not shell the off-shore islands for a week, and there was astatement from this country indicating that we would suspend convoying supplies to the Chinese Nationalists inthe Formosa Strait.

Wheat was a little easier throughout the session. The demand for flour is exceedingly quiet. The only export business we heard of was 5,000 tons of #2 red wheat sold to Sweden out of the Atlantic. There is some talk that offers will go out to Pakistan for 20,000 tons. During the past week the May/July wheat spread has been narrowing, and at least temporarily, think this narrowing could continue until later in the season when impoundings may be more effective. At the present time there is 17 million bu of wheat in Chicago, but it decreased 616,000 bu during the past week. Should these decreases continue it could eventually lead to a tightening of the March and May, but this is still some time off. It was reported that France was already starting to buy wheat, her first takings being from the Soviet Union. France is short good milling wheat.

Primary receipts of wheat today totaled 3 million bu, which is about the same as last week, and compares with 2,400,000 bu last year. Chicago stocks of beans increased 1,446,000 bu, and there is now 2,265,000 bu in this market. Corn stocks decreased approximately 1/2 million bu.

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CHICAGO 4 October 7, 1958.

Secretary of Agriculture Benson pointed out recently that in Russia, where there is precious little freedom, food in variety is scarce. It is also very expensive in terms of the hours of labor needed to buy it. Clothing and shoes, which basically originate from the farms, are sky high in price. In Red China, where there is no freedom, food is a constant problem. A Red Chinese leader is supposed to have remarked that they can afford to lose 300 million people in a war. This is a sad commentary to the solution of starvation and semi-starvation that lead to revolt.

In our country exports of U.S. farm commodities totaled $8.8 billion in the two years ending last June 30th. This is the highest of any two-year period. Such a record is made possible through the operation of Public Law 480, the Surplus Disposal Programs, developed and approved by Congress, also the sales of farm products abroad for foreign currencies, and through barter transactions.

It is noticeable in the Southwest that easiness in wheat futures seems to intensify the general holding on part of producers and the increasing movement of milo and soybeans is not being accompanied by any pick-up in the release of wheat. The tremendous expansion in elevator facilities in the Southwest, bringing about a changed position, not only affording producers the opportunity to hold back their product, but there also seems to be greater efforts made by storage interests to avoid losing grain, and interior elevators are not urging farmers to sell, although in some instances the producer can realize a margin above the net loan.

Overnight there was excellent moisture in Kansas, which is extremely beneficial, putting the soil in good condition for the new winter wheat crop. However, there was some unexpected moisture in Iowa and the forecast suggests further moisture through the corn and bean territory. This is not desirable at the time the farmer is trying to harvest his bean crops, and the weather was probably the dominating factor in causing the firmness today in beans. Receipts of beans today in Chicago were 68 cars and about 750,000 bu by truck and barge. One survey of the country states that around Decatur and Bloomington, harvesting of beans is running from 80% combined to completed. In Iowa some areas are about 50 to 75% completed, while other sections run around 25%. For the state of Illinois as a whole harvest is 63% completed compared with an average of 75% at this time. One quarter harvested in north to over three quarters harvested in central areas of the state.

Chicago free stocks of wheat decreased 739,000 bu during the week and there is now 15,708,000 bu here. In late August there was about 17 1/4 million bu free wheat in Chicago. Free corn stocks are now 931,000 bu after a decrease of 186,000 bu during the week.

There was no particular news in wheat today, although it is expected that India will be in the market this afternoon for hard and white wheat for shipment October 15th to November 15th, while Pakistan bought 20,000 tons of white wheat out of the Atlantic. Flour demand is still poor, but there is some business in family flour being transacted. Wheat was affected by the strength in beans and corn. There seemed to be short covering on the rains which have already occurred in Iowa, and the prospect of further rains in the territory. Beans also derived strength from meal and oil, although the advance in meal was not fully maintained.

Primary receipts of wheat today totaled 1.8 million bu compared with 1,932,000 bu last week, and 1,386,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 181,000 bu. The wheat visible yesterday showed a decrease of 2,849,000 bu, and now totals slightly over 400 million bu, or 50 million bu more than a year ago. The corn visible decreased 693,000 bu, leaving 72 million bu total, or 28 million bu less than a year ago.

The government granted subsidies on about 900,000 bu of corn, most of it to be shipped from the Atlantic and Gulf.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 8, 1958.

The farmers of this country are out-producing farmers elsewhere in the world, and the progress is at a rather fantastic speed. In 1954, one farm worker on an average supplied food and fiber for himself and 18 others. In 1956, this was raised to one farm worker producing for 20 other persons. As of today it is estimated that it is up to a production equal to 23 other persons. In comparison a Russian farm worker only provides for himself and 5 or 6 others. This year our per-person production will undoubtedly again increase, as we have raised bumper crops on the smallest cultivated acreage in 40 years.

According to Secretary Benson, the realized net income of farm operators for the first three-fourths of 1958 is estimated at 19% higher than the first 9 months of 1957. The per-capita farm income is currently running at the highest level of record. He further points out that farm assets are at an all-time high: namely, $188 billion, as of January 1, 1958. Farm ownership is at a record high with 2 out of 3 farms free of mortgage debt. The Secretary further points out that the standard of living on farms is the highest in history, with more appliances, radios, televisions, automobiles, and other conveniences than ever before.

The sharpest advances in the purchase of farmlands occurred last year in the Southeastern and Northern Plains regions, while the smallest increase occurred inthe corn belt and lake states. Active farmers continue to be the most important buyers of farmland, accounting for three-fifthsof the farms and tracts of farmland sold in the 12-month period ending March 1, 1958. Purchases of farmland for enlargement of existing farms increased during the past year, accounting for 40% of all transfers. Most strongly affected was the western two-thirds of the country; notably, the spring and winter wheat areas, where nearly two-thirds of the farmland purchases are for enlargement.

A Washington dispatch of the Wall Street Journal states that the barter program has bogged down over a hitch in the law, due to the fact that a technicality was written into the law by mistake. The barter provision was extended to December, 1959. However, it is provided that the Secretary of Agriculture may only trade U.S. farm surpluses for such foreign-produced minerals as the President may direct. So far the White House has not designated a new barter list, and it is anticipated that "red tape" will entangle any early effort to draw one up, and may further delay the bartering of agricultural products. This could have an effect on our exports for the present crop year.

There was some export business in wheat reported overnight. India bought 6 cargoes of hard wheat out of the Gulf and 3 cargoes of western white wheat. It is also confirmed that they bought 15,000 tons out of the Atlantic. Japan bought 27,000 tons U.S. white wheat and 1,000 tons of hard wheat. India will no doubt be in the market for further quantities of wheat, and from the advices which we received Greece will ask for tenders on October 21st of 20,000 long tons.

Broomhall comments that European harvest of most grains has been completed, although rains have retarded threshing. Reports seem to stress the reduced quality in many sections, particularly in the U. K. Buenos Aires, the moisture is adequate but regular rains will be needed, although prospects remain satisfactory. The Illinois weekly report states that some scattered freezing caused variable damage to late corn. The crop in the central district was safe from frost, with over 90% of the crop matured. Soybean combining is 63% completed compared with an average of 75%. The Iowa report states very little damage was done to corn from the recent cold weather. 90% of that state's corn crop is now matured or expected to mature without frost damage.

In wheat there was some lifting of hedges on part of exporters against sales, and higher prices were registered throughout the session. There were 123 cars of beans in Chicago today, and an additional 476,000 arrived by truck and barge. By this time stocks in Chicago probably are around 6 million bu, or possibly higher. Hedge selling was again noticeable during the session, but was well absorbed.

Primary receipts of wheat today totaled 1,155,000 bu vs 1,307,000 bu last week, and 987,000 bu last year. Kansas City and Minneapolis stocks of wheat show a net decrease of 284,000 bu.

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CHICAGO, 4 October 9, 1958

Dominated by concern over Russian advances and the economic recession in this country, Congressional actions on the President's budget request for the fiscal year ending June 30, 1959 have produced record peacetime spending. The Budget Bureau's September review puts the fiscal 1959 federal deficit at $12.2 billion compared with $2.8 billion in fiscal 1958, and a surplus of $1.6 billion in fiscal 1957. According to the monthly letter of the First National City Bank of New York, the $12.2 billion budget deficit reflects bigger spending, much more than recession-caused shortfalls in receipts and many observers are beginning to recognize that the Congress, after deciding against tax reforms as a support to recovery, became overenthusiastic in seeking out new ways to spend more money. This has created a situation where stable prosperity is menaced on the one hand by inflation, and on the other hand by threats of higher taxes and governmental controls to repress the inflationary forces set loose.

While the initial impetus to increased spending came from defense sources, what needs recognition is that nondefense spending has become the core of the budget problem. The biggest nondefense increase--a $19 billion rise to a new high of $6.4 billion for agriculture--stemmed largely from the impact of the extraordinarily large wheat and feed grain crops on agricultural price support programs. Another influence for bigger spending was the approximately $1.4 billion total of military and civilian pay increases, while still another influence was the expenditure of about $2 billion aimed directly at fighting the recession. There is always a case to be made for adding and expanding federal programs, and in the recession atmosphere, it is not hard to understand why Congress went along with the expansion of nondefense spending. However, the problem is aggravated now because we no longer have the cutbacks in defense spending, which helped conceal increases in nondefense outlays in the 1954-56 fiscal years.

The President in his August 28th Press conference gave a strong lead to a return to economy in stressing that the first objective was to reduce deficits and to keep our money sound so that America can have a good, healthy, progressive economy. The renewed concern in Washington about the upward trend in spending is a good omen. In fiscal 1953-55, when there was determination to get federal taxes down, the budget was cut from $74.3 billion to $64.6 billion. It was in the years following 1955, when zeal for economy lessened, that the upturn in spending was renewed. The goal of a new retrenchment is undoubtedly worth the effort: money that people can trust, a sound federal fiscal structure, and honest tax system and an economy prepared for any eventuality.

There were fair amounts of moisture over the corn and bean areas with further showers expected tonight, which will probably cause some delays in the combining of beans. Freeze warnings have been issued for parts of Kansas and Nebraska, as well as in the spring wheat areas.

When our market opened prices were mostly firm. The soybean harvest is well along and while there has been pressure from hedges the past several days, it is thought that this will lessen, especially as prices to the farmer are below the loan. The demand for old crop cash corn continues very strong. Spot basis in Chicago today was quoted at 16 1/2 over for #2 yellow corn, but this may be somewhat higher than the actual market since it represented special conditions. Even so, with the cash basis so firm the market is deriving some strength from this situation.

According to The Southwestern Miller, the firmer trend in wheat futures and moderate strengthening in flour prices are not resulting in any increase in flour sales. Few mills are booking more than 25% of capacity and the trade shows little willingness to consider additions to backlogs at prevailing prices. Unless drastic market changes occur to influence an upward revision in bakers' ideas, flour demand is likely to remain slow for some time.

Primary receipts of wheat were 1.4 million bu today vs 1.6 million bu last week, and 1.1 million bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 451,000 bu. Primary receipts of beans were 2.1 million bu vs 939,000 bu last week and 1.3 million bu last year.

Early firmness failed to hold and markets all sold slightly lower, with weakness most pronounced in new-crop wheat futures. India reportedly is interested in further offers of wheat, but is not inclined to follow advances.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 10, 1958

The Chase Manhattan Bank, in their most recent resume, comments that as the U.S. economy has been regaining momentum, there has been growing concern over the business situation in Western Europe. Since last fall industrial production has levelled out in the U.K., Western Germany, and Italy. Only in France has industry moved ahead. However, the general picture is one of a moderate slackening. Western Europe and the U.S. are tied together most closely economically through trade -- one-fourth of our trade is with these nations, while about one-seventh of their trade is with this country. While our imports from Western Europe have fallen less than 1% during the past year, our exports to that area dropped 27%. Thus the decline in Western Europe's purchases for the year has been far greater than that in our imports from them.

The explanation lies in the composition of trade. The U.S. exports, mainly cotton, coal, steel, and machinery, which are items whose purchase would be affected by a slow-down in over-all European demand. On the other hand our imports from Europe consist mainly of consumer products and except for autos, which are a special case, the moderate recession in the U.S. has little effect on demand for such products.

The question now is what may happen in the period ahead. The continued decline in the European economy could have a dampening effect on U.S. exports, both directly and in terms of its impact on the less developed nations. At least to date Western Europe's period of economic adjustment seems to reflect the same sort of influences that have been at work in the U.S., although on a more moderate scale. The expansion of capacity in recent years outran demand and led to the need for a period of consolidation. However, basic demand for consumer durables is exceedingly strong in Western Europe, and monetary and fiscal policies in many nations are being used in a manner that could exert substantial leverage in the direction of renewed growth. Thus there would appear to be room for hope that the Western European economy would begin to move forward again before too long, which could provide an additional impetus to U.S. recovery and to the expansion of the entire free world economy.

USDA has announced an extension of the reseal program on farm-stored price supported crops for an additional year. The program will enable farmers to keep 1958 crop barley, grain sorghums, oats, rye, corn, and wheat in certain areas in farm storage under price support loans for another year beyond the maturity dates of original loans. In addition, price support reseal loans on 1957 crop barley, oats, corn, and wheat and 1956 crop corn are being extended for another year. The Department also will help finance buying or building additional on-farm space. Farmers may borrow up to 80% of the cost of constructing new storage or making additions to existing structures, such loans being payable over a 5-year period. The reseal rates to farmers for continued storage are in line with uniform grain storage agreement rates.

There was no particular news overnight, and markets opened uneventfully. In export circles, it was reported that Pakistan yesterday bought 15,000 tons white wheat out of the Atlantic, and that Denmark had bought a cargo of soybeans for December shipment. Offers to Brazil on 150,000 tons of U.S. wheat are scheduled to go out next Monday. There were also some additional hard winters sold to India at the Gulf.

According to a report by a trade publication, country elevators in the Southwest bought more wheat from farmers, mainly ordinary in Oklahoma and Texas, and proteins over the entire region. Our own office in Fort Worth commented that a little more wheat is coming out but still no large volume, and believed it is primarily open storage and long wheat owned by country elevators rather than redemptions of wheat under loan. They state that actually there is more free wheat moving than in thepast few years, as there was a fair quantity of wheat held back in the country at harvest time, and with cash wheat at the loan level there is no real incentive to hold longer.

Primary receipts of wheat were 1.3 million bu vs 1.5 million bu last week, and 1.2 million bu last year. So far this week Kansas City and Minneapolis wheat stocks have decreased 695,000 bu. Primary receipts of beans were 2.2 million bu vs 1 million bu last week and 1.3 million bu last year. When the wheat visible is posted on Monday it will compare with a decrease last year of 500,000 bu.

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CHICAGO, 4

October 13, 1958

Record crops used to be just as exceptional as crop failures, but it seems that in recent times, with improved technology, better fertilizer and increased knowledge, we are getting more bumper crops than ever before, particularly when soil conditions are favorable. Weather, which is good for the best development of wheat, is not always favorable to corn, but this was not the case during the current season when we raised the largest wheat crop of record, and also, a banner corn crop with astounding figures shown in the government report last Friday, to put it mildly. The wheat crop, which showed no change for the yields of winter wheat, indicated a total production which is 53% up from last year and it shows an improvement of 502 million bu compared with last year's figure. Corn is estimated at 3,686 million bu, which is up 8% from last year, and 17% above average, also a remarkable story when we take into account that the acreage is down some 10 million from what was sown just a period of ten years ago. Sorghum grain production is estimated at a record of 607 million bu, which is nearly four times the 10-year average. Soybeans also promise a record yield of 573 million bu, which is up 19% from last year, the previous large crop, and if the harvest turns out as favorably as is now indicated, we shall have nearly double the average production.

All this sounds like a fairy tale, but with the frosts delayed long enough in most areas and good weather during the growing season, we have been able to attain these results. Moreover, pastures in many sections of the country during September continued to bring about outstanding production, and the condition on October 1st was far above a year ago, except for some west north central and western sections. Hay and forage crops also developed beyond early expectations and the hay crop of 12 million tons should be about 15% above average.

The government also gave the stocks of grains on farms. We naturally had a large amount of wheat left in the country, which is estimated to be 635 million bu, or about 241 million bu more than last season. This is the highest on record for that date, but considering that the crop was some 502 million bu greater it would indicate that large quantities have already been moved from first hands. The amount of corn left on farms totals 341 million bu. This is nearly one-fifth less than the 420 million bu on farms October 1, 1957, but is yet slightly more than average. Oat stocks on farms October 1st are estimated at nearly 1,200 million bu, which is 14% larger than a year earlier and 15% more than average.

Wheat actually opened a shade higher, and some export hedges were covered but due to the large figures contained in the government report, beans and feed grains were somewhat lower. Rye opened a shade lower and stocks on farms were given at nearly 19.5 million bu, which was the largest for that date since 1955. However, the disappearance from farms during the quarter was 17 million bu, or nearly 4 million greater than for the same quarter last season.

Chicago wheat stocks decreased 750,000 bu, leaving 16 1/4 million bu here. Flour demand was extremely quiet over the weekend, and bakers showed no increased interest. However, there was some export buying, and more business is in the offing which gave some encouragement to the market, particularly as hedges were covered. It was reported that India had purchased two cargoes of hard winter wheat, and India was asking for offerings tonight, with quantities not indicated. According to Broomhall, dry weather is reported in Argentina, particularly in the northern part of the country, and there is some concern over this development, although no serious damage has as yet been reported either to wheat or to other growing crops.

Chicago bean stocks increased more than 4 million bu, giving us total supplies of 6 1/4 million bu here, but with the unloading still to come we probably already have about 7 million bu of beans here. However, the arrivals by truck and barge are tapering off. With the firmness in wheat, corn and beans recovered some of their early losses, but volume of trade was not particularly big.

There was no special feature to the market, although new corn is now being offered from the country more freely. It is still a question whether our local stocksof beans will be any larger than they were last year, but on the other hand once Chicago accumulates beans they often stay here for quite a while, Chicago rye stocks decreased 95,000 bu, but even with the quantity afloat thereis only about 2 1/2 million bu here, and we think chances for a carrying charge are rather slim,

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CHICAGO, 4 October 14, 1958

It is, of course, a foregone conclusion that heavy wheat shipments this year to India will be an important factor and may easily increase the clearances abroad to a figure even higher than the 402 million bu we shipped last season. The Department of Agriculture announced yesterday issuance of three authorizations to that country to finance purchases of nearly $63.3 million worth of wheat and flour, $5.1 million worth of corn, and $8 million worth of grain sorghums under P.L. 480. These commodities will all be sold by U.S. private traders. The Department also announced an amended authorization on previous business to India to provide for the purchase of an additional $27.5 million worth, or about 450,000 metric tons of wheat from U.S. suppliers and to extend the contracting and delivery periods to February 28th and March 31st, 1959, respectively. Early this morning it was reported that 4 cargoes wheat had been sold by exporters to India overnight, of which 3 were via the Atlantic and the other cargo will probably be shipped from the West Coast. It is possible that some of the hedges had been previously covered, because after opening rather firm there seemed to be some selling in the pit, and apparently there was profit-taking going on.

A little more wheat is said to be coming out in the Southwest. There are probably two very good reasons why this should be the case. First of all, cash wheat is selling in Kansas City at about the highest price so far on the crop, with ordinary #1 hard bringing about $1.96, which compares with prevailing prices during the peak movement last July of about $1.75. Even with this improvement which has taken place, the present price of cash wheat of $1.96 is still about 10¢ under the net loan. But when we look at wheat, with 13% or higher protein, it is selling just equal to, or in most cases, a little higher than the net loan. The other reason probably that the movement is a little larger is that milo is starting to move in the Southwest and some people are undoubtedly moving wheat stocks in order to make room for the handling of milo. All this, of course, affects sentiment but in the final analysis we are still up against the proposition of what impoundings are likely to be for the current season. We shall have more of an indicationof this later in the week when the third report is published. Since we are now dealing with a total wheat crop of 1,449 million bu, and shall consume domestically only about 600 million bu and export in the neighborhood of 400 million bu, it is obvious that there would be 450 million bu overhanging the market unless the amount under support was an offset. Actually it would even have to be somewhat greater owing to the fact that the government is releasing some of its wheat from previous seasons under the payment-in-kind program. Also, there is another complication: namely, that even after wheat goes into the loan, an advance in price might make possible sizable redemptions.

The Argentine Minister of Agriculture has issued his second estimate of the area sown to oats, barley, and rye. In each case a small reduction is shown as compared with a year ago.

We would like to mention again that on November 25th, farmers will decide, and this time by a simple majority, whether or not they will shift to a revised plan for corn after this season. If an affirmative vote is cast, it would free corn producers from all allotment controls; it would eliminate the separate destination of commercial areas; also, it would eventually bring about a better relationship among price supports for all feed grains. All producers would be eligible for price supports. Should the referendum fail to carry, acreage allotments will continue in effect, according to a rigid formula under the 1938 law.

There was nothing much in the statistical news. We still have about 15 million bu of free wheat in Chicago, but there was a decrease during the week of 675,000 bu. Free corn stocks declined 440,000 bu, leaving only 491,000 bu here. There was an unconfirmed report that the Brazilian business had been put through, but nothing definite could be learned. Wheat prices were somewhat lower, but March wheat lost on May, and May lost on July. There were two or three new lows recorded in corn today, but the market was not subjected to any heavy selling but closed fractionally off. Beans were poorly supported. The March and May deliveries made season's lows, and prices dragged lower. This is perfect weather for bringing in the remaining beans and for harvesting corn. Winnipeg markets were weak after being closed the day before for their Thanksgiving Day.

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CHICAGO, 4 October 15, 1958

Under the Agricultural Trade Development and Assistance Act of 1954, which is generally know briefly as Public Law 480, the U.S. formulated a program aimed in part at reducing surplus agricultural products grown in this country through sales abroad, part of which would be paid for in the various currencies of the countries to which shipments were made. We recall at that time one economist thought that this was a very good idea because it was cheaper to store foreign currencies than the grains that were accumulating under our support programs. Since that time we have been trying to devise methods of using these foreign currencies to good advantage. Some of the money was spent for defense in fortifying our positions abroad, while other funds were allocated to help our allies to ward off possible future invasions in the event of war.

Yesterday a new program was announced to use some of these foreign currencies to further scientific research in agriculture and other fields, which in turn might be of benefit to us. This research will be carried on under contracts or grants that will be made available to foreign scientists in friendly nations that will be helpful to them and to us in the general field of agriculture and marketing. Already $6.6 million has been allocated for use in the U. K, Finland, Italy, and Israel, but this is just the beginning. Inclusion of other countries is expected to take place soon. For example, nearly $4 million will be spent for research work in Indonesia, Pakistan, Finland, Yugoslavia, Poland, and other countries, and it is hoped that advantage may be taken of the special knowledge and techniques that become available at foreign institutions which would help to solve some of our problems more quickly than if we were to do all the research work at home. For instance, in the field of farm research, it is envisioned that studies of the virus diseases afflicting the livestock of Europe and Asia might be made so that disease control may be handled more efficiently. Similar work is expected to be accomplished on plant pests, etc. In the field of marketing research, it is hoped that better knowledge will enable those countries to better evaluate the use of farm commodities and to afford a better understanding of the biological changes that occur in maturing fruits and vegetables. It will also furnish these countries with new information that they are unable to finance themselves. A plan of this kind is naturally a forward step, because farm research and scientific knowledge has always been of tremendous benefit to civilization. On the other hand, we must also realize that as better farming techniques are found in countries that we have been supplying with our surplus farm products, it could in time lessen the demand for our exports. Moreover, the knowledge acquired abroad by foreign scientists will increase productivity and technological developments at home at a time when surpluses are already building up for warehouses rather than for consumption.

According to early advices, there was no confirmation of the Brazilian business, and while there were some Japanese purchases that comprised #2 western white wheat, together with some Manitobas, as usual this Pacific Coast business does not have much effect on our futures. We have been pointing out in these letters that, despite the growth in population, our domestic consumption of wheat is actually less than it was 20 years ago. On the other hand, let us remember that last year the average person ate about twice as much chicken and 2 1/2 times as much turkey meat as he did 20 years ago. He ate 50% more beef but only 9% more pork; in other words, there has been a revolution in our eating habits of poultry and beef. The revolution in pork is yet to come.

Primary receipts of wheat were smaller at 1.4 million bu, but even this was slightly more than last week and compared with 792,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 326,000 bu.

There was weakness in all markets and further liquidation. July wheat however, remained relatively firm, even though wheat seeding inthe Southwest is moving ahead satisfactorily. In Kansas 92% has been planted, and the new seedlings are emerging to generally good stands, except in a few western counties where dry surface soils have resulted in spotty stands. Broomhall's Foreign Crop Summary speaks again of the poor quality of wheat in France and some losses in Germany. In the latter country they will probably raise more rye this year than wheat. Weather is perfect, but we feel that beans at this big discount under the loan will encourage heavy impoundings.

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CHICAGO, 4 October 16, 1958

The amounts of feed grains on hand are so enormous as to tax the imagination. To be specific, this year's corn crop, plus the carryover, together with the sorghum crop and the reserves from previous years, will give us a total supply of about 6 billion bu. This, of course, is more than we have ever had on hand in the history of the country. When we further consider that there will be more meal this year because of the bumper bean crop, and that we have raised nearly a record crop of oats, together with a large amount of hay and forage, it will readily be noted that this situation cannot be hurriedly corrected. We are mindful of the fact that livestock is the most expandable part of our farm market. Generally speaking, when we have prosperous times people eat more meat than they do in times of stress. Ordinarily our people will buy more livestock products of all kinds if they are priced right, and the quality is right, so that in a sense livestock is just another name for feed, or actually it is feed on the hoof.

In spite of all this, it is well to reflect for a moment that according to the U.S. Department of Agriculture figures, the per capita meat consumption this year will reach a level of only 150 pounds. This compares with 159 pounds last year and 166.7 pounds two years ago. It is obvious, therefore, that even with good times most people are not eating as much meat. In the case of eggs, it is estimated that the per capita consumption in 1958 will be 344; this again is less than the 358 consumed in 1957, and 368 consumed in 1956. There are some offsets in that the consumption of chicken per capita will probably come up to 28.2 pounds this year vs 25.6 pounds last year and 24.6 pounds the year before. The consumption of turkey meat will improve a little as compared with two years ago, but will actually be smaller than last year, with the figures running as follows: 5.7 pounds of turkey consumed in 1958, 5.9 pounds in 1957, and 5.2 pounds in 1956. We may have larger cattle consumption as time goes on, and at the present time demand for feeder cattle is high because feeders need livestock to consume the record corn crop this year. For the first six months in-shipments into the nine corn belt states were reported to be 39% above the corresponding 1957 period.

Few people seem to realize the extent to which technology has increased yields of our crops in comparison with the base period (1909-14). This year the wheat yield per acre amounted to 27.0; this compared with 14.2 bu per acre during the base period. Corn yields per acre averaged 50.4 bu vs. 26.04 bu in the base period. Thus production for these two commodities has almost doubled on the same amount of land. The yields of oats have also increased appreciably and this year the average production per acre amounted to 44.5 bu compared with 29.38 bu per acre in the base period. Here we have a 50% improvement in the yield. Since parity is figured on a bushel of wheat, or a bushel of corn, or a bushel of oats, in comparison to the goods that farmers purchase, it will readily be seen that the agricultural picture is very bright because the producer naturally figures the income from an acre of land, which takes into account not only price but yield as well.

Primary receipts of wheat were a little heavier at more than 1.5 million bu which was somewhat larger than last week and compared with 1.3 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 472,000 bu.

The general grain news continues at about the same tenor. Weather continues very good over the corn and bean areas. Spot corn declined about 2¢, but is still commanding a fairly good premium over the December. We may have impounding figures this afternoon which will give us the total amounts under support until the end of September. A big increase in wheat is expected. While commercial business in the wheat pit was slow, scattered mills reported a little better inquiry for flour, and, according to The Southwestern Miller, bakers may shortly be forced to replenish their stocks.

Chicago receipts of soybeans today including barge and truck amounted to nearly a million bu indicating that accumulations are still going on. However, the bean market was very firm on the possibility of large quantities going into the loan. It was reported that Formosa had purchased a cargo of soybeans for November shipment.

Action by the Federal Reserve Bank in increasing requirements on stock transactions had no effect upon grain, but it apparently is an indication that Washington is greatly concerned over inflationary forces. These generally are not effective upon a commodity which is in heavy supply.

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CHICAGO, 4 October 17, 1958.

The writer had the pleasure of attending a luncheon today at which Secretary of Agriculture Benson spoke. He said that: "Farmers know more than anyone else that socialized regimentation strikes at the very heart of the free enterprise principles which are basic to the high American standard of living and progress." Basing his predictions on the progress of the past 25 years, he forecast that population would go up by one-fifth in the next 10 years and that we had much to anticipate in the years ahead. He believes that output per man-hour will go up 40% in agriculture and 35% in industry. National output should be up nearly 50% in terms of constant prices, to a total of $535 billion annually. Per-capita income after taxes he predicted would rise by nearly 30%. These goals he believes we can expect if we keep our spirit of free enterprise and if we continue to work together as a free people.

Late yesterday, USDA reported on price support activities through Sept. 30th. The latest reporting period was a little longer owing to the fact that under their revised program they calculate for the calendar month, whereas previously the cut-off date was August 25th. Nevertheless, 382.1 million bu of wheat had been placed under support, which compared with only about 98 million bu for virtually the same period last year. The largest quantity that was ever impounded was the 557 million bu placed under loan in 1953, which was for a 4-month longer period. There is reason to believe that we may reach or exceed that figure if prices stay in the same range as they are at the present time. Of course, a sharp advance would change this situation, but since only about 2 million bu wheat has been redeemed, it would indicate that farmers are still very much dependent upon the loan program, and in many cases using it very advantageously. There is, of course, a good deal of ineligible wheat but much of this is apt to be held in the event that there should be crop failures in future years. If farmers sold their wheat at the present time, they would have to pay a penalty of $1.09 per bu, which apparently they are not anxious to do. The loan program was started in 1938 and since that time there have only been four occasions when impoundings for the entire season exceeded the 382 million-bu mark, which is the figure now being shown for wheat under support.

Kansas alone has nearly 131 million bu wheat placed under loan. Oklahoma is second with 52.4 million bu under support, and Texas is third with 39.5 million bu tied up. Not much has come into the loan in the soft winter wheat states and impoundings in the spring wheat areas are still relatively small, but these may show a fairly good increase when the next report is published. North and South Dakota have a total of 33 million bu under loan, and it is about equally divided even though North Dakota is by far the larger producer.

Chicago soybean receipts are over a million bu today, including truck and barge arrivals; so there can be little doubt that we are building up a large stock in this market, which generally means that it will favor carrying charges. Beans do not move out of Chicago until the supplies elsewhere are pretty well depleted. Temperatures have dropped a little but according to the 5-day forecast they should still average a little higher than normal, with not much precipitation. This will enable the beans to be harvested and corn to be picked. The water supply situation for 1959 is quite favorable and according to the Department of Agriculture, generally abundant carryover storage in reservoirs on major streams of the West is shown.

Primary receipts of wheat today were 1.3 million bu vs 1.2 million bu last week and approximately 900,000 bu last year. Primary receipts of beans were 2.1 million bu vs 2.3 million bu last week and 1.2 million bu a year ago. So far this week Kansas City and Minneapolis wheat stocks show a total decrease of almost 600,000 bu. When the wheat visible is posted on Monday it will compare with a decrease last year of 3.1 million bu.

With the exception of beans and corn, markets were firm. Chicago continues to receive sizable quantities of beans, and we would not be surprised if our stocks now total 10 to 11 million bu. Accumulation of these supplies apparently has served to dampen bullish enthusiasm. There did not seem to be any marked attention paid to the large amount of wheat that has been put under loan, but with four months still available for loan entries impoundings may finally create a scarcity of free supplies.

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CHICAGO, 4 October 20, 1958

On the whole, this has been a wonderful year for agriculture, and despite some weather handicaps in isolated areas, the total output of crops in 1958 is expected to surpass all previous records. This year's peak output is attributable mainly to much better than usual moisture conditions in the Great Plains. While we do not wish to skim too briefly over wheat, which is a record crop, we have emphasized the feed grain tonnage, and based on October 1st estimates, it will surpass last year's previous record by 8%. A sharp increase of this kind reflects the record crops of corn, sorghum grain, barley, and an oat crop which is above average. Hay production is now estimated at 120.4 million tons, which is a little below the record crop last year but is still 15% above average. Pastures on the other hand are rated much above a year ago, except in some West North Central and Western sections. In range areas the moisture situation promised the largest supply of forage for fall and winter grazing in over 15 years. With this in mind it is going to be extremely difficult to boost the price of feed grains very materially, at least early in the season.

This morning's news from the Far East was more gloomy. The Chinese Communists had broken the "cease-fire" truce and immediately started heavy bombardment on national supply convoys, which naturally upset a good many calculations. This was bound to have some effect on markets this morning, although beans are apt to be more influenced by this factor than other agricultural commodities, and as far as we can see it should not materially increase the demand for wheat unless there should be active fighting in that area, which, of course, would mean that we would have to keep supplies flowing to our troops. Psychologically, anything of this kind generally inflames the public's mind, but wheat was not very much higher although some short-covering took place after the opening gong sounded.

From Washington we heard that Secretary of Agriculture Benson may be planning to seek power to clamp tighter wheat marketing controls on more than a million small farmers. If he should get such Congressional authority, the way would be open for a "grass-roots" revolt that could cripple the federal wheat control program. The Secretary, when he spoke in Chicago last Friday, described the growing wheat surplus as our number one agricultural problem, and little doubt can be expressed on this subject as the carry-over reserve next July is apt to show accumulations of 1.3 billion bu, which would be the largest we have ever had. Even if we should raise only an average crop next summer on the probable acreage, it would again give us a crop of 1.2 billion bu; so all told we would be faced with wheat supplies of 2 1/2 billion bu against domestic consumption, which runs in the neighborhood of only 600 million bu. Mr. Benson has felt that the exemption of small farmers, which is to say, those who grow 15 acres of wheat or less, has created a situation where farmers could increase their yields and ignore penalties, including cash fines. A restrictive move would naturally be a very unpopular step but, nevertheless, it is being given consideration at a time when surpluses continue to pile up.

According to Broomhall, the Australian wheat crop is making favorable progress. Forecasts are for a crop of about 180 million bu, which would contrast with last year's small outturn of only 97 million. Home needs in that country range from 70 to 75 million and a very small carryover now appears likely.

Chicago wheat stocks showed another good decrease of 716,000 bu, which reduces holdings here to about 15 1/2 million bu. Corn stocks also decreased 473,000 bu, leaving 16 3/4 million bu here. Beans showed a big increase of 4 1/4 million bu to a total of 10 1/2 million bu. Today arrivals in this city were 1 1/2 million bu including that which came here by truck and barge.

After an early advance the market sold off and there was some profit-taking. Most wheat futures were lower, although July wheat held relatively firmer than old-crop months due to reports from the Southwest that topsoil was dry in a number of places, and that a good soaking rain would be welcome. On the other hand, seeding operations have progressed favorably. Beans reacted after showing early strength, and the market lacks leadership. The large stocks in Chicago have caused carrying charges to widen, on the theory that the beans that have come here may stay for a long time. Corn prices, while not sharply lower, were sufficiently off to register several crop lows, and as we have mentioned so often the feed situation is such that it does not inspire much confidence on the constructive side. Rye held rather firmly, The proposed government oil donation program is thought to be dead.

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UHLMANN GRAIN COMPANY
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FORT WORTH GRAIN AND COTTON EX.
CHICAGO MERCANTILE EX.

CHICAGO, 4 October 21, 1958

Under our present farm programs, particularly those pertaining to basic crops, the prime consideration has been to improve farm income, while little consideration has been given to the piling up of supplies, which all of us know cannot go on indefinitely. The adjustment from war to peace has always been difficult for farmers, but in our opinion it has been stretched out somewhat needlessly for the reason that the government helped cushion the effects of these changes. From a price point of view, there were no severe price declines, although on many occasions those commodities which were in oversupply have at times sold considerably under the loan level. It is also a fact that most of the increased production is accounted for by record outputs of a few crops, such as sorghum grains, soybeans, barley, wheat, and corn. All these commodities have benefited from price supports and other government programs, with the result that greater efforts were made by farmers to increase the yield; even on smaller acreage, production of these various crops increased very sharply.

To be more specific, sorghum grain production this year, which is estimated at 607 million bu, is a record for all time, and actually the crop, if it turns out this well, will be 327% larger than the 5-year average. There were no acreage allotments for sorghums, but the price was supported through loans at $1.83 per cwt. Because of the high price fewer sorghums were sold and nearly one-third of last year's crop was placed under loan and turned over to CCC. Soybean production is estimated at 573 million bu, and this is the fifth consecutive crop to break the previous record by a wide margin. Actually bean production this year is 110% more than the 5-year average, (1946-50). The barley crop, which was estimated at 466 million bu, turned out to be 66% more than the 5-year average, using the same period mentioned above. The 1958 wheat crop, also a record of 1,449 million bu, is 22% over the 5-year average period even though most of the wheat is grown under acreage allotments and marketing quotas. However, marketing quotas do not apply to farmers producing on 15 acres or less or to those who fed all of their wheat. These small farms in the aggregate have contributed to much of our present troubles. The corn crop, which was forecast at 3,686 million bu, and is a new high, adds to the feed grain difficulties, and this season only about 12% of the crop in commercial corn areas was grown under acreage allotments. Thus it is a foregone conclusion that on November 25th, farmers will vote to wipe out the allotment program.

Taking agriculture as a whole, the production index for all crops, based onthe October 1st estimates for 59 leading items, moved to a new high. The yield-per-acre index rose to a record of 142, which surpassed that of any other year. The former record yield-per-acre index of 127 was established last year.

Soybean receipts by all conveyances totaled 900,000 bu for Chicago today, and our stock is building up although the selling at many country points is said to be very small, indeed. More wheat purchases from India are expected momentarily, and heavy buying is likely to start quickly in view of the outstanding authorization of nearly 1.5 million tons. Greece will also buy 30,000 tons gulf hard winter wheat but not until November 6th.

There was nothing much in statistics. Primary receipts of wheat were 1.4 million bu, which was a little less than last week, but more than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 59,000 bu. Stocks of free wheat in Chicago decreased 647,000 bu, leaving14.3 million bu. This is about the same amount of wheat on hand as a year ago. After the hard and yellow hard wheat are shipped out, we feel that the demand for red wheat will be less keen.

The wheat market was without much support and felt the absence of commercial business. In flour circles, they claimed it was nearly a blank. Rye was also weaker in sympathy with Winnipeg, and some stop loss selling. However, corn and beans were relatively firm, and there was not much pressure in these cereals. A fair amount of corn is being offered from first hands, which is natural in view of the enormous crop. However, beans will probably go quite heavily into the loan, so that with the wide carrying charges which have developed, we would urge hedgers in the nearby futures to change over their commitments. Trade in October oil has only tomorrow to go, and shorts have been aggressive covering positions. The government weekly crop report spoke of dry weather over interior sections.

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CHICAGO, 4 October 22, 1958

With the large crops that have been raised again this season, the Under-Secretary of Agriculture appeared before Iowa bankers the other day and told them that farmers should be encouraged to build all the grain storage needed on their farms, and to do it now. He said there was every assurance that additional space of this kind could be paid for fully during the next few years. He also emphasized that the big crops of this year and those to follow must be stored. We all know that total farm acreage in this country does not change too much but some growing seasons are more favorable than others, and this year has been one of the best. Crop production during the last ten years has increased 9 1/2%, while our population has increased 19%, or twice as much. Nevertheless, consumption of wheat has not gone up during that period and accumulations have continued. We have attained a new agricultural record to the extent that one farm worker now produces enough to feed and clothe himself and more than 23 others. This is a tremendous factor and shows that technological developments, as well as favorable weather, have benefited the producer.

We need merely compare this with the Soviet Union, where one farmer produces enough for himself and about 5 or 6 others. Why, then, is the situation so much more favorable in our country under a comparatively free system? We qualify this because our situation is not completely free, with acreage control allotments and other limitations on the use of land. However, ours is still entirely a different picture from that prevailing in Russia. Farming in the Soviet Union is organized into large-scale collective and state-operated farms. On January 1st of this year, there were 76,500 collective farms which averaged 4,200 acres of land in crops, with about 250 households per farm. There were also 5,900 farms operated by the state. These averaged 25,200 acres in crops and nearly 400 full-time workers to each farm.

There can be little question that the same incentives we have in this country are lacking in Russia, although on the state-operated farms of that country workers are paid cash wages, with bonus payments for high performance.. In addition, they have small garden allotments and the privilege of keeping a cow, a pig or two, chickens, geese and sometimes a couple of sheep or goats. On the collective farms workers share in the net income from operations in accordance with the days worked. Sometimes they receive extra remuneration for this type of work or for extra performance, but these bonus rewards are apparently not sufficient to bring about the best results. Most of the Russian farm workers live in villages near their place of work, and one traveling the country does not see individual farmsteads dotting the countryside as there are in the U.S. Russian farms have become more mechanized through use of tractor power and large-scale equipment, but there seems to be little provision for mechanized cleaning, drying and storage of grain. After all, it is the final results that count and their achievements have been disappointing in comparison with ours.

Primary receipts of wheat today were lighter at 1.2 million bu, but this was nearly as large as last week, and compared with 982,000 bu last year. Kansas City and Minneapolis wheat stocks so far this week show a total decrease of 201,000 bu.

Commercial business was very light, but one exporter did buy futures, which had very little market effect as there was slow liquidation in the pit. Flour demand remained extremely light. The fact that Canada and India signed an agreement today whereby the Asiatic country would borrow $8.8 million to purchase Canadian wheat may have caused a little bearish feeling here. This loan will be repaid in seven installments, beginning end of Dec. 1961, and will bear interest at the rate of 4 1/2%. Corn and beans were firm for a time, but Chicago soybean receipts were 700,000 bu including all methods of transportation, which means that we are getting further accumulations here. The market finally eased off a little on light offerings. Corn prices did not hold in spite of somewet weather over the Belt. The forecast is a little better for tomorrow, but there may be some precipitation again by Sunday, with temperatures generally above average for the season. According to the Illinois weekly crop bulletin, harvest is most advanced in the central district where work is about two-fifth finished, and latest in the two northern districts. According to one authority at the University of Illinois, soybean processors have filled most of their storage, and in the country he claims that space is getting a little more scarce, with some trouble spots in Indiana and Ohio.

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CHICAGO, 4 Oct. 23, 1958.

Early in the week markets paid some attention to the breaking of the Quemoy truce, but the advances were minor and shortlived. Since that time there has been general lack of interest in the wheat market, with no political flurries, and commercial demand has been lagging except for some small export buying, which apparently did not lift sufficient hedges to be of much help. A little wheat has been sold in the Southwest to make room for sorghum grain, which may have added a little to the pressure, particularly at a time when milling demand was very still. We cannot forget that some of the factors that have caused trouble before might again arise. The political horizon does not look too serene and the Near East may soon again become a trouble spot. The Far East causes intermittent excitement, but the fact that we have built up great strength in that part of the world should do much to prevent an actual conflagration. It is true that the assembly of forces and might is sometimes a potential danger, but we seem to be showing great restraint, and for that matter, so do the Chinese, except for their bombings. There is still doubt in the minds of some people whether a military occupation of the offshore islands is essential for the defense of Formosa. Nevertheless, we must live with the resolutions taken by our government that this is a necessity. It is to be hoped that sooner or later this so-called "No Man's Land" may be neutralized by the United Nations and thus cause less concern both to the Chinese and to ourselves.

Without any particular issue, our wheat market opened very little changed, and we presume that it will require resumption of export trade to give us a little impetus on the constructive side of the market. We cannot overlook the fact that already 382 million bu wheat has been impounded, and that another large block of ineligible wheat is being held back, so that the market is relieved of pressure from these two sources. There is still four months during which time farmers may apply for loan entries, and there are conservative people in the trade who feel that the total for the season might exceed 600 million bu. Should this be the case we may well have to advance to a point where redemptions can take place. For that reason one's bearish enthusiasm should be tempered even with the prospect of a record carryover next July, which some feel will reach 1,330 million bu. We are still cutting into our free reserves, but this is comparatively slow progress.

During the week Broomhall figures that exports of wheat and flour were a little over 8 million bu, and the total for the season is now slightly above last year; namely, 117 million bu vs 116.4 million in 1957. With the large shipments that are expected to India, we feel that clearances for the season may well be above 400million bu. Our corn exports for the week were 2.3 million bu. and since October 1st, we have shipped a little more than last season, the total to-date being slightly less than 8 million bu.

The Agricultural Department has agreed to support prices of sorghum grain stored in temporary structures or piled on the ground. Loans will be made at 80% of the regular rate. These distress-loans will run for 90 days but no later than next March 31st. In the interim farmers will be expected to find adequate storage either on farms or else obtain commercial storage for their grain. When they do, theywill be permitted to apply for regular price-support loans.

The primary wheat movement amounted to 1.1 million bu, which compared with 1.5 million bu last week, and 1.4 million last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 472,000 bu.

Wheat was weaker during the early part of the day but finally encountered a little short covering by locals. According to The Southwstern Miller, flour inquiry is developing, but sales are slow in picking up. Chicago receipts of soybeans by various transportation routes amounted to 600,000 bu. There seemed to be some selling of beans today against buying of rye. These operations carried all bean futures into new low ground for the season, but conversely, the buying of rye acted as a stimulant, and we had a recovery, which in turn helped Winnipeg. The spot corn market is gradually adjusting to the December future. As yet we have not built up much of a stock of free corn, and actually some shipments are being made in other directions from country points. It is difficult to enlist much enthusiasm because of the generally bearish statistics surrounding the feed grain situation.

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CHICAGO, 4 October 24, 1958

To oldtimers in the grain trade, who have grown accustomed to studying supply and demand factors, there is, of course, no valid reason for feeling that wheat prices should advance. When we reflect for a moment and conclude that the carryover supply on July 1, 1959 will probably reach a record of 1,330 million bu, it is obvious that even if we did not raise one single bushel of wheat next season, we could still maintain our exports at about 400 million bu and consume 600 million bu at home, and end up with a reserve the following year of about 330 million bu wheat, or virtually as much as we used to carry over before the great accumulations started. Of course, this does not take into account the artificial factors with which we have had to reckon, and already 382 million bu of the 1958 crop has been placed under support, and on this basis total quantities this year would exceed the 1953-54 record of 557 million bu. Thus it is quite obvious that we could again be faced with an artificial situation by next May.

It is now thought by the Agriculture Department that the domestic consumption of wheat this year may increase by about 26 million bu over the season before, and reach a figure of 610 million bu. This is in no way connected with any shortage of feed, because as we all know, with the enormous corn and sorghum supplies, there is more than enough to go around, but there is apt to be a larger quantity of poor quality wheat fed to bring about this change. We are no longer using much wheat for livestock feed; last year only about 36 million bu was thus consumed. From 1941 to 1950 we fed an average of about 230 million bu a year. Of course, that included war years when the demand for meat was great, and it came also at a time when sorghum grain was not yet an important crop. During that period there were many small crops of corn. This, of course, is all changed.

Secretary Benson has pointed out that in 1941, Congress provided that wheat growers producing 15 acres or less would be exempt from marketing quotas. The number of these small farms is rapidly growing. Last year these farms planted more than double their allotments and there are over 1,150,000 of such farms in the country. In the past four years their overplantings have resulted in production of an estimated 385 million bu. There is another factor under the law, in that penalties for exceeding wheat allotments are based on normal yields. For example, in Kansas the normal yield established by formula for marketing quota purposes is about 15 bu per acre, but actual yields this year averaged 27 bu per acre. Thus it follows that a farmer who exceeds his quota pays on only 15 bu per acre and gets a free ride on the extra 12 bu that he produces on excess plantings.

It was reported that Formosa had bought 3 cargoes hard wheat and also 1,000 tons soft wheat, Israel was said to have purchased 2 cargoes soybeans, one for December and one for January shipment.

One of our friends, writing from Italy, spoke of the excellent crops raised this year in Russia and China, and also stated that Italy this season would have a wheat carryover. This is confirmed by a statement made today in THE WHEAT SITUATION, and they maintain that record crops harvested this year by the U.S., Soviet Union and Mainland China account for more than half the world's total production. Incidentally, world wheat production for 1958 is at an all-time high, and the tentative forecast of 8.34 billion bu is about 550 million above the previous record in 1956.

Primary receipts of wheat were close to 1.5 million bu, which was a little more than last week and compared with 947,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 588,000 bu. When the wheat visible is posted on Monday it will compare with last year's decrease of 3 1/2 million bu.

Political news was not much of a factor, but Secretary Dulles returned to this country, and said that we would neither attack nor tolerate attacks against the Chinese Communist government. Wheat prices did not show any great changes. In beans, there was very heavy local selling of November, which was taken by hedgers who transferred positions to later months. Exporters bought futures, but still the close was lower. Corn sold at a season's low. Some attention was paid to the fact that Russia in recent weeks had sold wheat to France and to the U. K., and had also entered into an agreement with Yugoslavia to ship them 7 1/2 million bu.

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CHICAGO, 4

October 27, 1958

After the close of the market on Friday, the Department of Agriculture published figures showing stocks of grains in all positions, and there were no surprises, but, nevertheless, stocks of wheat, corn, sorghum grain, barley, and soybeans showed record levels on hand for that date. Actual wheat stocks at 2.1 billion bu are enormous, but having raised 1,449 million bu no other conclusion could have been expected, although judging from the disappearance during the quarter the crop may have been a little underestimated. The figures are never conclusive based on the first three months' consumption plus exports, and in any event we must still assume that we shall end the season with a carryover reserve of about 1,300 million bu, or the highest for all time. Corn stocks of 1.5 billion bu and sorghum grain stocks of 309 million bu have exceeded all previous records, so that taken together with the large crops that are now being harvested, we are bound to have our problems with respect to feed grains, particularly as the amounts of barley and oats on hand are also large. Stocks of feed grains totaled 83 million tons, which is nearly one-sixth above the previous record of 71.7 million tons in storage October 1, 1957. Rye stocks of 33 million bu stored in all positions on October 1st were more than 10% larger than a year earlier and are more than a third larger than average. Holdings in CCC bins were above last year but are still relatively small.

Our market did not show any great changes when we opened this morning, but there were several other items of interest, as for example, renewed complaints because of the need for moisture in Argentina and the deficiencies are largely in the Northern half of the country. According to Broomhall, there were no damage reports but these are likely to develop shortly unless rains are received soon. The latest advice from France indicates that that country may not be a net importer of wheat this season but contrariwise it may be possible to do some exporting. It is now officially indicated that outboundshipments might approach the 1 million-ton-mark, of which a substantial portion would be for feeding purposes. We mentioned on Friday that Russia had effected sales of wheat to France and the U.K. and had consummated an agreement for 7 1/2 million bu to Yugoslavia. Whether this all becomes an actuality remains to be seen, but sometimes shipments are made to impress the outside world even though it may interfere to some extent with domestic consumption. Most reports state that this year's Russian crop turned out very well, and for that matter, so did the wheat crop in Mainland China. Australia, which is coming along with a large crop, has been selling new wheat for December shipment.

Today's arrivals of soybeans in Chicago by all modes of transportation amounted to nearly a million bu and we are building up large stocks in Chicago, which has already affected carrying charges. It is interesting to note that disappearance of old corn from all storage positions during the July-September quarter was a record of 623 million bu and compared with 548 million for the same quarter last year. This large disappearance reflects the great amount used for feeding and, of course, was brought about by the increased livestock markets.

Chicago wheat stocks decreased nearly 1 million bu, leaving 14 1/2 million bu here, of which a large percentage is free wheat. Corn stocks increased 334,000 bu to a total of 17 million bu, and beans stocks increased over 3 million bu, so that we now have 13.6 million bu of beans here in Chicago.

Markets were extremely dull today. Some of the old-timers claim they have rarely seen such complete disinterest in wheat, but of course this comes about largely because of artificial factors, small export business at the moment, and a very indifferent flour demand. Corn and bean prices also declined. The world soybean production this year is about to set a new record, being 12% greater than last year and 44% larger than the five year average from 1950 to 1954. Most of the increase, however, is right here in the U.S. where our crop is 93 million bu larger than last season. However, China also has a crop of 350 million bu, which is about 15 million bu larger than last year, but is close to the average of previous seasons. Spot corn was quoted from 1 over to 1 under, and it was a foregone conclusion that cash and futures would come together. The main factor is the large supply of feedstuffs, which deters many people from entering into a long position. Many crop lows were made in beans and corn, also for July and September wheat.

UHLMANN GRAIN CO.

After the close of the market [illegible]

[illegible] but, nevertheless, stocks of wheat, corn, [illegible] showed [illegible] for that date, [illegible] but holdings stood at 1,440 million bu [illegible]

[illegible] million bu, or the highest for all time. Corn stocks of 1.5 billion bu [illegible] stocks of 303 million bu have exceeded all previous records, [illegible] with the large crops that are now being harvested, we are bound to [illegible] with respect to feedgrains, particularly as the amounts [illegible] on hand are also large. Stocks of feed grains total 83 million tons, [illegible]ly one-sixth above the previous record of 71.7 million tons in [illegible]57. Rye stocks of 38 million bu stored in all positions on October 1st were [illegible] than 10% larger than a year earlier and are more than a third larger than [illegible]

Our market did not show any great changes when we opened this morning, but there were several other items of interest, as for example, [illegible] plantings because of the need for moisture in Argentina and the deficiencies are largely in the Northern half of the country. According to [illegible], there were no damage reports but these are likely to develop shortly unless rains are received [illegible] importer of wheat this season but otherwise it may be possible to [illegible] exporting. It is now officially indicated that outward shipments might approach 1 million tons [illegible], of which a substantial portion would be for feeding [illegible] on Friday that France had offered sales of wheat to [illegible]

[illegible] this all becomes an actually narrative to be [illegible], but sometimes [illegible] are made to improve the outlook world over, though it may interfere to some extent with domestic consumption. Most reports state that this year's Russian crop turned out very well, and for that matter, so did the wheat crop in [illegible] Australia, which is reaping along with a large crop, has been selling now [illegible]

The big [illegible] of soybeans in Chicago by all modes of transportation [illegible] of old corn from all storage positions during the July-September quarter was a record of 682 million bu as compared with 640 million for the same quarter last year. This large disappearance reflects the record amounts used for feeding, [illegible] of course, was brought about by the increased livestock numbers.

Chicago wheat stocks increased nearly 1 million bu, leaving [illegible] million bu here, of which a large percentage is free wheat. Corn stocks increased [illegible] 000 bu to a total of 17 million bu, and bean stocks increased over 3 million [illegible], so that we now have 13.6 million bu of beans here in Chicago.

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[illegible], however, is right here in the U.S., where our crop is [illegible] million [illegible] last season. However, [illegible] also has a crop of [illegible] million bu [illegible] million bu larger than last year, but is close to the average [illegible] spot corn was quoted from 1 over to 1 under, and it was [illegible] that cash and futures would come together. The main factor [illegible] of feedstuffs, which deters many people from entering into [illegible] crop lows were made in beans and corn, and for July and [illegible]

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CHICAGO, 4 October 28, 1958

New crop wheat futures made a season's low again this morning, and the old crop months are only 3 or 4¢ above their previous low. It is, therefore, timely that we consider the statistical situation, together with artificial factors in an effort to determine what may be expected in the months ahead. First of all, it should be realized that almost every government report that has been issued has shown some improvement over the earlier figure. It may even be that when the final tabulations are made in December that the wheat production will show more than the 1,449 million bu in the October estimate, including winter and spring wheat crops. Nevertheless, we must accept these figures for the time being.

We cannot count on much free wheat from previous crops, because with a carryover of 881 million bu, all but about 27 million bu was under government domination. Therefore, we turn now to the demand factors to see how close the adjustment may be before another crop is harvested. According to official figures we are apt to consume 610 million bu domestically. This increase from 584 million bu last year is caused by larger amounts of poor quality wheat that will be fed. The government reckons that exports, including the additional shipments to India, may reach a figure of 430 million bu. Therefore, in these two categories we can account for 1,040 million bu of wheat. The amount that will be impounded is still somewhat hypothetical, and by the end of September 382 million bu were under support. It is probably fair to assume that in the last four months of the program at least 150 to 175 million bu will go under support, so that together with domestic and export disappearance there may be 1,540 million bu of wheat accounted for. There is, of course, the possibility that under the payment-in-kind program that 100 million bu of wheat will be returned from government to commercial supplies, but even on this basis we believe that the consumption figures, plus the government stock, would amount to as much as we have raised. On this basis we are quite apt to have a marked advance later in the season in order to bring about redemptions. Up to the present time only 2 million bu of wheat has been redeemed and we believe the figure will have to be larger than this in order to prevent a tie-up of supplies such as occurred last year when old crop futures not only in Chicago but in outside markets gained very appreciably on new crop.

As far as July wheat is concerned, it is selling only a few cents higher than the national support level on farms, and while we have seen many occasions when the loan was not fully effective, we have by the same token found more occasions when it prevented undue pressure. We should not lose sight of the fact that on basis of a national loan of $1.81 per bu, already guaranteed for next year, that the Chicago loan price would amount to about $2.13 per bu. Therefore, new wheat is already selling considerably under next year's likely support price.

The wheat market was up, and this was entirely due to better commercial demand; relief flour business was responsible for lifting of hedges, and this seemed to be the first business of that kind in some time. New crop wheat futures lagged as the old crop advanced. There was considerable selling of soybeans early, and this appeared to be liquidation coming from long. During the session we advised our customers that the market had been subjected to a good deal of long liquidation and selling, and that certainly the technical position of the market had improved. Beans are now selling considerably lower than they were a year ago, with the loan the same; namely, $2.09. We rather feel that impoundings are going to be heavy and may be twice as large as they were a year ago. Therefore, we felt that purchases made on these breaks were in order. There was a fairly substantial rally later in the day. Corn also rallied toward the last. Cash corn in the country sold at about 94 1/2¢ per bu, which means a little more than 90¢ to the farmer, while at the same time the loan to non-compliance farmers is about $1.06. Chicago interests did not buy much corn overnight. There has been a good decrease in contract stocks of oats during the week, and the decline of 1.2 million bu left us with 4.8 million bu here. There is about 5 3/4 million bu red wheat in Chicago in the contract stock, and while the demand for soft wheat is not as keen as for hard and yellow hard, nevertheless stocks of red wheat declined 151,000 bu for the week indicating that there is some demand.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 29, 1958

Secretary of Agriculture Benson in a recent statement pointed out that: "Government must seek to improve farm income soundly -- not with short term political panaceas, which are unfeasible and which disregard sound economics and basic facts." He said that most of our agriculture is free. Out of the more than 200 commodities that farmers produce, there are only 22 under price support. Also, he said that only the six so-called basic commodities, which bring in less than one-fourth of farm cash income, are subject to marketing quotas. We are fully convinced that, while this was an ideal season for the growth of crops, without many of the government incentives we might not have had the high production in wheat and in corn that came to us this year, with farmers utilizing their soil to the utmost, stimulated by artificially high prices not only on the amount of grain consumed at home, but also on that quantity which was exported or which will finally go into storage. There can be little doubt that agricultural advancement in this country is much greater than in most of the Asiatic countries. For example, in Russia half the people are living on the land; in China, 85%. Here in the U.S. only 12% of our people are on the land, and this has made it possible to release labor and effort in so many other directions while still providing more than an adequate diet for our people. The 500 million Chinese farmers all have an equal diet of a pound of rice daily and a pound of beef per family per month. No wonder their living standards are so far beneath ours. The average Russian worker on a collective farm produces about one-tenth as much as a good farmer in the U.S. The government does the thinking, the directing, and the managing, while the peasants merely do the work.

Before our market opened this morning, there was not too much to guide it. However, the carryover feeling from yesterday was a little more friendly because of the sharp recovery that we had yesterday in beans and the upturn in wheat. The latter was based almost entirely on the commercial buying which came into the pit.

As we mentioned in yesterday's letter, USDA had requests for offers to supply 163.6 million lbs of flour and 53.4 million lbs of cornmeal for donation to U.S. private welfare organizations for distribution abroad. These offers are to be submitted not later than 4 o'clock this afternoon, for acceptance by next Monday. This offer to purchase flour and cornmeal is made under a recent change in law permitting the Department to purchase these items directly for donation rather than arranging for processing Commodity Credit Corporation-owned wheat and corn into flour and cornmeal.

According to first reports from the East, India purchased a cargo of white wheat out of Albany, 2 cargoes white wheat via the Pacific, and possibly 1 or 2 cargoes of gulf hard wheat. Formosa purchased 12,500 tons soybeans and thus we had better commercial business than recently. Some of the later reports thought that possibly as much as 6 cargoes hard wheat had been worked to India. Broomhall spoke of the reduced estimates of the French wheat harvest, but stories from that country are still conflicting. In any case, France is interested in obtaining further quantities of Russian wheat in addition to amounts presently being negotiated. Some of the low quality French wheat crop may be exported but apparently they need higher grades for domestic admixture of flour.

There was nothing much in the 5-day weather outlook. Some light rains are possible in the Southwest, but no great relief yet to top soil, which has become dry over areas and as a result seeding operations have been delayed.

Primary receipts of wheat were less than a million bu which was smaller than last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 538,000 bu.

There was firmness in the markets with beans advancing again following yesterday's recovery although the business to Formosa has not been concluded although we understand it will be offered again later in the day. There was considerable mill activity but we did not see any appreciable buying of hedges for commercial accounts, and this refers also to the export sales mentioned above. There were sizable shipments of wheat out of Chicago so that another good decrease can be expected next Monday. Corn was firm and selling from first hands is not heavy. Rye scored a gain and we have inverse carrying charges in this cereal. Tenders on December rye contract should be small.

UHLMANN GRAIN CO.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 October 30, 1958

We have mentioned on several occasions that even in a prosperous country like the U. S., certain deficiencies occur in the dietary habits of our people, and there are certainly many families who need more calcium in their diets. It has been found that if all families low on calcium were to consume the additional milk they need, the market would expand by 9%. Not only would the dairy surplus be wiped out, but we would have to increase production. Bread, too, is a very vital food and contains ingredients that are not always found elsewhere. Nevertheless, our per-capita consumption has been going down and down, but for the first time we believe that some reversal is in sight, and, of course, with the increased population our figure of 600 million bu for domestic disappearance may soon be found too modest, even assuming that small quantities continue to be fed to livestock. Then, of course, there is the unsatisfactory world distribution, with 2 out of 3 people on the face of this earth going to bed each night hungry.

If the world economic situation were improved, we might even ship larger quantities of foodstuffs to the Asiatic countries, and, as a matter of fact, last year almost as much wheat went in that direction as to Europe. Asia accounts for 55% of the world's population, but contributes only 34% of the world's agricultural production. Since the end of World War II, production has increased substantially and some technological advancement has taken place. Maybe in time they will buy more machinery from this country and bring about further advancement. The same might be said of India, where agricultural implements are still crude, and friends of ours who have returned found that many farming methods resemble those of the forepart of the century in this country. India is doing something else which in time will help. Under her first 5-year plan she increased her irrigated area from 51 to 68 million acres, and the second plan calls for adding 21 million acres more. Then there is Pakistan, whose development plans also call for huge expenditures on irrigation and land reclamation schemes. Similarly, Poland, Thailand, Ceylon, and Indo-Chinese countries are all developing better irrigation projects, water control and land reclamation projects. Of course, the backwardness in that area of the world has been marked and farm mechanization has made little progress. Moreover, there has not been education, while the ignorance of the growers, together with lack of storage facilities, has been a great handicap.

Before our market opened this morning, there was not too much to guide it. However, the India Supply Mission asked for offerings of white and hard wheat daily on Thursday and Friday of this week and Monday of next. No quantities, however, are indicated. We are convinced that the large wheat shipments that will be made to India this year will increase our exports, and recently USDA has mentioned a figure of 430 million bu for the season. Chicago did not buy much corn, but the bids are equal to 4 1/2 under, delivered Chicago by barge. Chicago space has been filling up pretty rapidly and we do not have much room here.

Most of the state reports, particularly those in the Southwest, spoke of rain being needed, although in Oklahoma a large portion of the crop is up to a good stand. Kansas lacks surface moisture; however, moisture supplies at lower depths are quite adequate for this time of year on basis of soil moisture tests taken during the week of October 15th. Satisfactory weather is reported over most of Europe, although there are some backward areas; the soil situation is mostly good.

Primary receipts of wheat were 1.2 million bu, slightly more than last week, and compared with 829,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 822,000 bu.

The wheat market was firm for a while, and apparently there was some buying of futures against export sales, but otherwise dullness prevailed. Flour business was only of modest volume, and apparently no inspiration came from that source. New crop wheat futures in our opinion, are a buy on setbacks. Next year's loan has already been set at $1.81. At the national farm level, and even assuming another good crop, present prices are well below the loan, while Kansas City July wheat is even about 6¢ per bu cheaper. The sale of beans to Formosa was finally confirmed. However, beans had a firm undertone early, but finally declined. Corn hesitated for awhile. Chicago interests are not buying much corn, and it may be that they are waiting for a little more pressure. When some of the country space has been filled, the overflow may cause some weakness. However, there is a holding tendency.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

October 31, 1958

The Agricultural Act of 1938 is now 20 years old. At that time the law set the minimum national acreage allotment for wheat at 55 million acres, and the same minimum remains in effect to this day. In the meantime, of course, conditions with respect to yields of crops have changed, but the law remains intact. As a matter of fact, 20 years ago this minimum allotment did not seem unreasonable. Average yields of wheat under normal weather conditions were then less than 13 bushels per planted acre. Thus 55 million acres would have produced about 700 million bu, which was just about enough at that time for normal needs, as our exports then were very small. However, when we compare today's crop conditions with those of 20 years ago we find that in the 1940's wheat yields increased to nearly 16 bushels per planted acre, and in the 1950's showed an average of nearly 18 bushels. Last summer may have been somewhat exceptional, because weather was extremely propitious, but the yield of wheat was 27 bushels per harvested acre, and instead of raising 700 million bu we raised more than twice that amount.

Then there is another factor to which attention has seldom been called. The act of 1938 was amended in 1954, in order to let producers who over-planted their allotments to plow down, pasture off, or otherwise destroy wheat on the excess acres. In reality this meant that compliance with the allotments and quotas is today based on harvested rather than planted acres. It is obvious, therefore, that with increased technology that any program adopted 20 years ago is out-moded, obsolete and unworkable. Even in 1957, which was not a banner year, we raised nearly 22 bushels of wheat per acre, and this seems to be more or less an average present-day result. Therefore, if we maintain the minimum allotment that was set in 1954 we could still produce average wheat crops of 1.2 billion bu, which is approximately 200 million more than our requirements for domestic and export uses. Furthermore, these crops would come on top of record carryovers, which are going to be difficult to reduce without actual destruction. That in our opinion, is something for which the American people would never stand.

We are friendly to the purchase of new-crop wheat futures both here and at Kansas City. This is not because of any statistical factors, although we believe that most of the wheat in next year's record reserves will be mainly under government domination. Furthermore, the government has already announced an advance wheat loan at a minimum of $1.81 basis the farm level. This would mean about $2.13 basis Chicago, and all new-crop futures are selling far below that point. In fact, July wheat is now selling at 12¢ per bu lower than at this time last year.

There was some export business to India -- the purchase of 3 cargoes of Pacific white wheat, also some Atlantic soft wheat, as well as one cargo of Gulf hard wheat, all for December shipment. There were probably hedges purchased yesterday, at least, against some of this business.

A few dry areas are reported Southwest, but this is mostly with respect to surface moisture, while subsoil reserves are still generally adequate.

Primary receipts of wheat were just a little over a million bu which compared with nearly 1.5 million bu last week and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 1,322,000 bu. When the visible supply is posted on Monday, it will compare with a decrease last year of 4.3 million bu.

Markets were anything but active. Probably most interest centered in the tenders on November bean contracts which were close to 4 million bu. This had a little depressing effect on the market, but more on the carrying charges which widened. Fair quantities were changed by hedgers to the more deferred deliveries, mainly January, while longs liquidated. At 5¢ there seemed to be considerable interest on part of hedgers. The spot corn market was December price to 1/2 over. There was not much trade in corn but it is difficult likewise to enthuse much on the constructive side of the market with the bearish statistics in feed grains. Demand for flour was very slow, and we saw little evidence of hedges being covered today against export sales. Without commercial business it seems that we have exceptionally quiet markets. Oats were firm and another large decrease in Chicago stocks is expected. Likewise free stocks of wheat here should show another sizable decline.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 3, 1958

It is interesting, and sometimes, enlightening, to look back because even though we are in contact daily with prices of various commodities, we often forget relationships, which are very important in this business. During the first quarter of the crop year in wheat, or in other words, from July to September, average prices were down 24¢ a bu from 1957. Part of this, of course, was due to the bumper crop, but also, a major consideration was the 18¢ per bu drop in the support rate as compared with 1957. Wheat prices were down 18¢ at Kansas City, 24¢ at Minneapolis, and 28¢ at Portland. On October 1st, stocks of wheat in all positions were the largest of record: namely, 2.1 billion bu; this was 522 million bu more than a year ago and 327 million more than the 1956 previous record. Of the total October 1st stocks, Commodity Credit Corporation owned 797 million bu; anadditional 400 million bu was outstanding under support or re-seal. More wheat, of course, will go into the loan between now and end of January, As far as we can look ahead, we shall draw a conclusion: namely, that after a billion bushels or more is consumed domestically or exported, even with a record carryover in sight for next July, the bulk of the wheat will again be under government domination. This in our opinion offsets the bearish statistics, as we can only conclude that an artificial market will prevail if the amounts going under support are as large as we now visualize them to be.

Coming now to soybeans, during this quarterly period the average price was 14¢ per bu lower than last year, with the loan the same-- $2.09 per bu on the farm. Of course, the soybean crop looks to be a record and if we raise 573 million bu or more, we are bound to have a sizeable carryover on October 1, 1959. Nevertheless, the fact that the farmer can do better by impounding his crop will probably give us a record quantity in the loan, so that we may easily have an artificial situation for that commodity as well.

Corn prices on October 23rd ranged from 8 to 18¢ per bu below a year ago at the major markets. Pressure stemmed mainly from the large offerings of the record crop. Carryover stocks of nearly 1.5billion bu on October 1st were 48 million more than last year, and here, again, CCC was an important factor because of the carryover, - CCC owned 1.1 billion bu outright, while about 259 million was under re-seal or in the process of being delivered. Thus there can be little argument that the loan program over-all has been a tremendous factor in keeping prices up even though they are well below last season. Barley and grain sorghums were exceptions with prices 8¢ per bu and 9¢ per cwt, respectively, higher than a year ago.

Chicago wheat stocks showed another large decline during the week of 828,000 bu, reducing our stocks to 13 3/4 million bu. There was an increase in local corn stocks of 1/2 million bu, building them up to 17.6 million bu. Oats declined only 432,000 bu, but there was a 1 1/2 million bu increase in beans, with 15 million bu in elevators and 240,000 bu afloat.

Commercial buying in wheat was responsible for a very strong market. The government flour donation is almost sure to go through, and apparently hedges were lifted in anticipation of this business. Bean prices also advanced considerably, and while oil was higher the upturn in beans was more substantial, and commission houses were mostly on the buying side of the market. We doubt whether there are any political implications, although some people feel that if there is a big Democratic victory that there is more chance for agricultural legislation than otherwise. There was some processor buying in soybean oil, which presumably was hedge-lifting, while locals were small buyers of meal. Chicago arrivals of soybeans amounted to about 450,000 bu over the weekend. Hedgers bought November beans, and sold January against them. They tried early to spread at 5¢ difference, but later had to shade their ideas. According to the American Soybean Association, impoundings of beans this year will be very heavy. There was not much hedge selling in corn. We heard comments that dealers downstate, who had accumulated a good supply of picket fences or snow fences had sold out quickly, and apparently farmers are going to store a lot of corn in temporary cribs, with a plastic cover for a roof. Lack of pressure enabled the corn market to advance, but there was also some industry buying.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 5, 1958.

It seems that late Monday, the U S D A announced the purchase of 34.4 million lbs of flour for domestic donation, and also, 16 million lbs cornmeal for the same purpose. This is the first time that on a transaction of this kind Commodity Credit Corporation did not have to arrange for the processing, but actually made purchases in the open market, and it is figured that this will divert about 790,000 bu wheat from commercial to charitablechannels. The wheat market felt the effects of this business on Monday when quite a number of hedges were lifted, and it apparently takes commercial business of this character to take us out of the rut in which we have found ourselves for some little time. This morning there was general buying in wheat and in corn, also some scattered buying in oats. An industry boughtJanuary beans so that altogether we had a good deal of early firmness, with July wheat up sharply, advancing nearly 2¢ per bu at the opening.

It is doubtful whether the Democratic landslide had much influence on our grain markets. First of all, the programs are pretty well established for 1959 except for the referendum in corn and in cotton. On the 25th of this month, the corn farmers will have to vote whether the present allotment program should be continued, or whether it will be abolished. Even if farmers choose the latter course, supports cannot fall below 65% of parity, and we doubt with the tremendous surpluses that have accumulated whether even a Democratic Congress would immediately raise price supports, because it has been pretty well proved that when prices were held higher than their merit, the government fell heir to more and more grain on which it had to pay storage. We grant, however, that Secretary Benson will not have his own way to the same extent that he had in the past. Even a Presidential veto may not prevent legislation from passing with a preponderant majority in both houses.

Japan purchased a cargo of western white wheat, together with some Manitobas. Australia was reported to have sold Japan some quantities of wheat but amounts were not given. Under P.L. 480, we are apparently getting rid of some of our surpluses. Since the law was extended, negotiations have been concluded for the clearance of $285 million worth of commodities. Additional programs are now under way with seven countries, and when these agreements are put through, the total will reach a figure of nearly $550 million in market value. It is not yet known how most of this money will be spent, but undoubtedly some wheat and feed grains will be included, together with shipments of oil. The Department of Agriculture announced an agreement with Israel for $37.7 million worth of agricultural products and formal signing of a P.L. 480 agreement with that country should take place shortly. It encompasses about 350 metric tons feed grains and probably half as much wheat, also some vegetable oils, beans, cotton, and tobacco are under consideration.

Primary receipts of wheat over the holiday were 2 1/2 million bu, which compared with a little less than 1 million bu both last week and last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 552,000 bu. Here in Chicago we figure there is 12.6 million bu of free wheat left, and the decline may be slower, as there is not the same urgent demand for red wheat. Soybean stocks are 15.3 million bu, of which 721,000 bu is government-owned. This is a very substantial supply, but yet carrying charges seem to be narrowing a little, and apparently it is felt that the November-January difference did not widen beyond 5¢, and that, therefore, when the stocks decline we may not have the heavy tenders on later months.

Markets were strongest right after the opening for the first hour or so; thereafter there seemed to be a fair amount of liquidation in the various pits, and best prices did not hold. Wheat actually closed weak, although new-crop months were relatively firm. There was no particular news except that the Kansas report spoke of growth being slowed down because of dry surface conditions. There can be little doubt but that a good soaking rain before the freeze would be more than welcome. The Illinois crop bulletin spoke of corn picking, which apparently is proceeding rapidly during the third consecutive week of almost ideal harvest weather. Picking is about two-thirds complete in the latest districts, while it is nearly finished in the earliest districts. Commercial flour sales over the Election day holiday were extremely small, and in a few instances replacements are necessary, but no large volume seems to be forthcoming yet.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 6, 1958

With the elections over, we now have an overwhelming majority of Democrats in both Congress and the Senate. At first glance this would suggest that, inasmuch as price support programs had worked comparatively well from 1938 to 1952, at least to the extent that we did not build up extremely burdensome surpluses, another attempt may be made to liberalize payments to farmers rather than to cut price supports further. The fact of the matter is that until European production recovered from wartime deficiencies, we had great opportunities in export markets, and during some of the postwar years our wheat shipments abroad were as high as 500 million bu, without any of the stimuli that are now being applied. For example, when foreign demand was heavy we did not have to grant the high subsidies, which are in vogue today, nor did we sell any of our friendly allies on basis of their currencies. At the moment with every kind of inducement, we are having difficulty in clearing over 425 million bu of wheat annually even at a time when some of the Southern Hemisphere countries have had poor crops. It is our feeling that irrespective of any political ambitions, we must stop pricing ourselves out of our markets.

The one thing that is most distasteful to farmers is probably the system of allotments. It is generally conceded that the cumulative effect of excess production on larger wheat farms over the past four years is equal to 90 million bu, where producers completely ignored allotments. In the case of both small and large wheat farms during the past four years, excess wheat production has increased our surplus by about 475 million bu. What will finally become of this wheat is hard to tell, but, naturally farmers are slow in paying a heavy penalty, and for that reason we doubt whether too much of this type wheat has been liquidated up to this time. It is almost a foregone conclusion that when the referendum is held on corn on November 25th, the allotments will be abandoned, and after all, farmers want to be their own masters and plant as they see fit. One thing, however, has been pretty well demonstrated: namely, that neither acreage allotments, as now provided nor the incentives of the Soil Bank are adequate to control wheat production. The experiences in cotton have been somewhat similar to those of wheat and corn. There have been shifts from time to time but in helping one commodity, it merely aggravated another. We now hear that thousands of acres in the South may turn from grains back to cotton.

The wheat market, after a sharp break yesterday, opened firm, and there seemed to be a little mill buying, with December wheat again wanted, and lifting of hedges was helpful. There was a rumor, without confirmation, that India late yesterday had purchased an additional cargo of wheat. However, we did not see much evidence of export buying of futures. In beans one of the large processing firms has taken delivery of a good quantity of November beans, and there is some doubt now as to whether carrying charges will widen to the extent that had been expected earlier. While it is true that Chicago still has large supplies, it may take rather heavy tenders to bring about any material widening from present levels.

Primary receipts of wheat were not much under 1 1/2 million bu, which compared with 1.2 million bu last week and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 910,000 bu.

Trade was fairly active at times, and there seemed to be a better undertone to all of our markets. There has been fairly general liquidation, which no doubt has improved the technical position of markets. Wheat, in our opinion, will be influenced more and more as the season progresses by heavy impoundings, and we expect that around the middle of the month the amount of wheat under support will show a large increase from the October 16th statement. The next tabulation will give details on price support activities through October 31st. In the meantime, we are making some progress in reducing the amounts of free wheat through flour sales and exports. This, however, is a slow process, but in the two categories we are convinced that over 1 billion bu of wheat is involved, by which we mean domestic usage, plus shipments. Corn was higher. The spot market was firm at 1¢ over December, and elevators are not making any big accumulations here, although the amount of available space in Chicago is not large. There was a good deal of processor buying of beans, with purchases in January and March, which rallied the market. Commission house buying was also a factor, while new pressure was exceedingly light.

UHLMANN GRAIN CO.

[illegible]

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CHICAGO MERCANTILE EX.

CHICAGO, 4

November 7, 1958

The changing foreign wheat situation has increased opportunities for U.S. wheat exports in the current season. Earlier the Department of Agriculture had forecast shipments of about 400 million bu. This has now been raised to 430 million bu compared with actual clearances last season of 401 million bu. First of all, they had unfavorable weather in France that not only delayed the harvest but also affected both size and quality of the wheat crop. Some exports of feed wheat from France will probably require the importation of high quality wheat. The U. K. also suffered some setbacks and good milling quality wheat is expected to be scarce. Smaller crops of milling wheat in a number of other European countries has been noted and a substantial reduction in wheat crops in Yugoslavia and India is going to be some help to us at a time when we have these huge surpluses. Even our flour exports are going to increase over last season, when about 80 million bu of U.S. wheat exports moved as flour. This compared with 74 million bu two years ago and 51 million in 1955-56. There has been a boost in flour business, due mainly to donations,which, of course, is helpful to our domestic mills.

Altogether world wheat and flour shipments in 1958-59 are expected to top last year's volume of 1,150 million bu. Besides increased shipments to India, Brazil will probably also take larger quantities although, of course, it will not all come from this country, as Argentina will engage in some of the business. As offsets the USSR could ship larger quantities than last year when her exports were small. Most of that business is likely to be with Eastern Europe, however. Then there is Communist China, which has substantially larger grain supplies than a year ago, and if economic and other conditions permit, this could be a significant factor in the grain trade. Australia's 1958 wheat crop, which is not yet harvested, is progressing well, and the five-year drought ended, so that sharply increased supplies in that country might lead to heavier exports.

Taking the domestic situation on basis of current values, our home consumption should approximate 610 million bu, our exports, as aforementioned, are now thought to be 430 million bu. Thus in these two categories we must make an allowance of 1,040 million bu. Whenthe impounding figure is published at mid-month, it may show 475 million bu under support. Consequently, we can see how 1,515 million bu might be either tied up under loan or included in disappearance. Such a figure is more than the crop estimate of October 1st, which gave our production at 1,449 million bu, and is an indication of what could happen before next harvest.

Cognizance should be taken of the additional impoundings that may occur during November, December, and January, and in our opinion this would more than offset the amount of government-held wheat that is returned to commercial channels through the payment-in-kind program. All this, however, will take time, as we make further inroads into our supplies. Also, we must make some reservations in the event that prices should advance much, in which case entries into the loan would be smaller or if the advance is sufficiently great, redemptions might be possible.

Primary receipts of wheat today were 1.4 million bu which compared with 1 million bu last week and 1.2 million last year. Kansas City and Minneapolis stocks show a decrease of over 1 million bu. When the wheat visible is posted on Monday it will compare with a shrinkage last year of 3.8 million bu.

Markets were less active than yesterday. Not much attention was paid to some data put out by USDA on feed grains. With the enormous supplies on hand they predict that next October the corn reserves will rise to 1.8 billion bu, and the carryover of sorghums may mount to 525 million bu. Besides this the big crops of oats and barley are expected to leave larger reserves for next year. Our wheat and flour exports for the week were 5 million bu, and the total since July 1st is 131 million bu vs 134.5 million a year ago. Wheat was rather featureless, a little early buying was followed by weekend realizing. Beans did not hold their full advance, but were rather firm. The country is selling practically no corn, which gave us a strong market early, but there was some selling, which brought about a mild reaction. There was some commercial buying of beans today, but trade otherwise was not much. Denmark was asking for offers on three cargoes of milo. Some attention was paid to dust in western Oklahoma, and the five-day weather outlook does not indicate relief.

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CHICAGO, 4 November 10, 1958

This year's crop production according to present estimates has surpassed any previous year by about 10%. This was accomplished on a harvested acreage that was the smallest in 40 years. Of course, we had an excellent growing season, with ample moisture that raised yields per acre about 12% over 1957 and 42% above the 1947-49 average. This fall we are starting out with dry soil conditions at the surface level. This, however, may be improved by rains prior to the freeze or snows during the winter, but even if weather is less favorable than it was in 1958, improved technology is likely to keep the output per acre high. The acreage may be up some because of the ending of the Acreage Reserve Program of the Soil Bank, but it is too early to tell much about that. For that portion of the Program that remains under the Conservation Reserve, the land offered for retirement was greater than the money provided by law to pay farmers for cutting. All told farmers have offered to take more than 20 million acres out of production during 1959, and naturally this will have to be scaled down; otherwise, there would be insufficient payments available. Congress provided $285 million to pay the bill and if all the land were retired that has been offered, it would require over $418 million to pay off farmers.

It is fortunate that with the large surpluses that have been accumulated, our population continues to grow. Yesterday's estimate by the Census Bureau made some projections for the next 22 years -- through 1980. They now believe that a total population of 230.8 million is the most conservative estimate and by that time they believe that we might even have a population of 272.6 million as a most liberal estimate compared with 175 million at present. This, of course, would give us a greater outlet right at home for foodstuffs. In Europe, population trends are also rising but not at anywhere near our rate. According to the London Financial Times, the population of Europe will rise from 240.5 million in 1955 to 255.6 million by 1975. Possibly their standards of living have something to do with the smaller rate of increase. Their standards are less than half the U.S. level, but opportunities for economic expansion are enormous. It is really amazing what has been achieved since the end of World War II. Europe is not only one of the largest markets in the world, but it also is likely to show the most rapid expansion in the coming decade. The supply of new capital will be the chief limiting factor in this expansion. Apparently greater effort will concentrate on outlays to gain higher productivity through new techniques and automation.

According to Broomhall, the wheat crop is approaching maturity both in Argentina and Australia. In the latter country harvesting has already started in local areas, while in Argentina there are a number of areas that require rain if the crop is to mature satisfactorily. In the absence of official figures, Argentine yields look to be about average, and in the principal province of Buenos Aires conditions have been mostly favorable. A large crop is expected in Australia, following a poor harvest last year. The carryover stock will, however, be extremely small.

USDA figures show that since July 1st about 108.6 million bu of wheat have been inspected for export as against 112.7 million the same period last year. Around 14.2 million bu of corn were inspected for export in October, or about 1 million bu more than a year earlier. Grain sorghum exports at 6.7 million bu were about four times larger than a year ago, while exports of nearly 10.6 million bu of barley ran about 40% more than last year.

When the visible was posted, wheat showed a decrease of almost 5 million bu, leaving a total of 382.3 million bu, or about 46 million bu more than last year. The corn visible increased 5.5 million bu making the total visible 79.3 million bu compared to 90.6 million a year ago. Beans increased almost 3.5 million bu, bringing the total to 38 million vs 21.6 million a year ago. Chicago stocks of wheat declined about 500,000 bu leaving 13.2 million bu here. Local corn stocks increased 2 million bu, making the total 19.7 million bu in this market.

After early firmness wheat reacted, with weakness most pronounced in the more deferred months. Corn receipts locally were quite heavy, but the market was only fractionally lower. Beans encountered some liquidation and markets in general were rather dull.

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CHICAGO, 4 November 11, 1958

As we have pointed out so often in these letters, the acreage planted to crops last season was the smallest in 40 years. This was due in part to acreage restrictions, but probably to a greater extent by the retirement of some 27 million acres under the Soil Bank Program. In spite of this, growing conditions were so favorable that we had the sharpest production increase of the postwar period. It is difficult at this time to estimate what next year's acreages will be. Certainly the lapsing of the Acreage Reserve of the Soil Bank could return to production in 1959 some 17 million acres, or about 5% of the total cropland which was withdrawn from wheat, corn, cotton, rice, and tobacco this year. This will be only partly offset by further expansion of the Conservation Reserve of the Soil Bank, which we mentioned yesterday. Despite the large crops, prices received by farmers during the first 10 months of 1958 averaged about 6% higher than for the same period of 1957. Prices of hogs and cattle have been appreciably higher and last winter's freeze, which damaged the citrus crops, brought much higher prices for oranges, grapefruit, etc., also some vegetables during the first half of the year. As an offset prices of most major crops averaged somewhat lower than they did last season.

Regardless of the marked recovery in business, economists now figure that we face a huge deficit in the budget next year and one that probably will be in the range of $10 to $13 billion. Since this is no longer a war economy, even though huge amounts are being spent for defense, people are showing increased concern, and it is to be hoped that a marked reduction rather than increases will be achieved. No other official action could do more to heighten confidence in that the dollar's buying power has been aggressively defended, so that people's savings may be protected. According to the mid-year review of the budget expenditures for fiscal 1959, some $79.2 billion will flow out. This is $5 billion more than estimated last January and less than one-tenth of the increase is attributable to national security. Costly farm price supports, housing subsidies, public welfare assistance, and loans for extension of unemployment compensation, together with aid to science, education, and to small business, have all contributed toward the increase. Even granting that all these programs are justifiable, legislators should give serious consideration to their advisability at a time when the money must be borrowed to pay the bills.

Early reports had it that the U. K. and the Continent had bought some parcels of corn, also some milo, and there were some small flour sales to the Americas, while a little business is developing in the Middle East. Generally speaking, however, commercial business was quiet.

Some light occasional showers are likely for Oklahoma, Kansas, and Nebraska, but apparently not much yet for Texas. Changes at the opening were relatively unimportant, although beans, which were liquidated yesterday, showed a slight recovery in early trading, but outside of processor-buying, there was no important feature.

Primary receipts of wheat amounted to 1.3 million bu; there was a holiday last week, and a year ago they were 1.2 million bu. Kansas City and Minneapolis stocks so far this week show a net decrease of 107,000 bu. Today being Veterans' Day there were no government offices open, and we did not get the breakdown between government stocks in Chicago and the private. We should have it, however, tomorrow.

Corn receipts here were fairly heavy, including barge and truck, but there was a good deal of local buying and the market recovered. Pressure from the country was not important. Beans, after some hesitancy, gained ground, and we believe took their cue from a stronger meal market, and also the fact that oil prices showed some recovery. According to The Southwestern Miller some interest prevails in hard winters, but bookings have not picked up a great deal. There was, however, a better undertone to the wheat market, and even with some rains forecast for the Southwest there was enough buying to give us a moderate advance. Elevator interests keep buying December wheat, and some of them are going as far ahead as July, which makes us wonder if they are not also of the opinion that artificial factors could create a tight situation either in March or May. Trade on the whole was very light, and there was no important news of any kind, except possibly political factors, which are not completely reassuring.

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CHICAGO, 4

November 12, 1958

This is only the fifth month of the crop-year, but already we are finding out that wheat is not moving in sufficient quantity to take care of domestic and export needs in a way that would create pressure on the markets. It goes without saying that most of the calculations which we have made from time to time are based on the entire 12-month supply and demand figures. In other words, when we figure domestic consumption at 610 million bu, and probable exports at 430 million bu, this is for the full year and therefore any tightness that might develop might not come until much later in the season. There is a little difference with the amount of wheat impounded because the quantities that farmers are holding back are not available to the market and one does not have to wait until this wheat is actually locked up under loan. Nevertheless, it becomes abundantly apparent that instead of finding liquidation or redemptions at this juncture, it is more likely that wheat is moving into the loan, although at a less rapidpace than earlier. The fact that there has been so much storage built during the last year or two makes it possible for farmers to hold their wheat, whereas previously it might have been forced into consumptive channels. In any case, it is probably fair to say that by the end of January when the program ends, there may be 600 million bu placed under support.

Meanwhile we have a situation developing in Chicago, which could have quite a bearing on the price relationships between futures. On Monday, wheat stocks were given at 13 1/4 million bu, which is a little less than we had a year ago. A small amount is in government hands, and then there is also some wheat which is not in the contract stock. The latter might be for milling purposes and often these supplies are held for later grinding. In any case, the amount of wheat in a deliverable position is only 8.7 million bu, of which the largest part consists of red wheat. Some people have felt that the red wheat would remain here longer and might become a burden on the market. However, thinking is undergoing a change because the quality of this wheat is very good and in our opinion it will have precedence over some of the poorer wheat to the east of us when the general demand for soft wheat improves. Thus we may not have such wide carrying charges from December to March, and it is quite conceivable that March might gain further on May as time goes on.

Elevator interests were much more aggressive in buying cash corn late yesterday and advanced their bids as much as 2¢ per bu. Even at that price, their purchases were quite disappointing. Here, too, we find a holding tendency on part of farmers although we presume that if the market should advance a few cents the situation would ease. There was considerable buying of wheat futures this morning by mills although there were also some selling orders in the pit, which apparently was liquidation on part of speculative longs.

Primary receipts of wheat were less than 1 million bu, which compared with 2 1/2 million bu last week, and 866,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 234,000 bu.

December wheat was firmer as compared to later months. Hedgers were apparently covering their positions. The rains which had been anticipated in the Southwest failed to materialize, but according to the five-day outlook we may still have some moisture, but it is not too promising. On the other hand, the weekly crop report is not entirely pessimistic, although surface moisture is becoming deficient over wide areas. In any event, July wheat was weak, and there have been quite a few hedges placed in that month during the last few sessions. Beans were lower and it is still a question whether we shall export any more than last season, even with a bigger crop. The PL 480 program will have a little more difficulty this season than last, primarily because of larger world oil supplies; moreover the Chinese crop is said officially to be about 15 million bu larger than last season, and while there is no way to check whether the crop is as large as claimed; namely, 350 million bu, it is thought that the Chinese may have enough beans this season to cut a little into our export market.

December corn was very strong early, while the other months lagged. We stated earlier that a stronger spot market failed to bring out heavy offerings from the country. Later in the session there was some profit-taking in December, so that a reaction took place, and at the same time the more deferred months were lower. There was some local selling around the Floor toward the end of the session.

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CHICAGO, 4

November 13, 1958

After the close of the market yesterday, we had the November crop production figures of USDA. The corn crop was estimated at 3,786 million bu, which was an increase of 3% over the previous month and 20% above average. The yield per acre was given at 51.7 bu, which was a record for all time and compares with 38.8 bu per acre the 10-year average. The crop matured well, helped by a warm, dry fall, and apparently moved swiftly to cribs with much less prospect of storage difficulty other than finding storage room, and, therefore, is quite different from the situation that existed a year ago. The record corn and sorghum crops, plus record barley and above average oat crops harvested earlier, add to a total feed grain production, which is almost 11% above the 1957 previous record.

A week from next Tuesday farmers will vote on a referendum, which gives them a choice between two corn programs. Only 12% of the corn acreage in the commercial areas was within allotments this year, and only 14% last year. Thus it is obvious that most corn farmers have not been participating in the allotment program, and our guess would be that they will vote to abandon it. If they do, it will free corn producers from all allotment controls and will eliminate the separate designation of commercial areas. Furthermore, it will make all producers eligible for price supports. If a majority of corn producers approve, (and we emphasize that it will take only a majority of the vote this time) then the support level for corn will be 90% of the average price received by farmers for the three preceding years. In any event support will not be less than 65% of parity. If the referendum fails to carry, acreage allotments will continue in effect according to rigid formula in the old 1938 law. The allotment for 1959 will be about 33 million acres, or 15% less than this year. The minimum level of support will continue to be between 75 and 90% of parity. The actual level will be determined, as in the past, on basis of a fixed government formula. In view of the above, we would be very surprised if the November 25th vote did not favor the new program, and if it does we might expect a correspondingly large increase in corn planting.

This year there were 73.1 million acres for corn harvest compared with 81.2 million in the 10-year average, (1947-56). The soybean crop was estimated at 575 million bu, of which nearly 150 million bu was grown in Illinois. The harvest was early and favorable, with the highest yields of record. The sorghum grain harvest also showed a new high, the crop being estimated at 639 million bu, up 5% from October 1st and nearly four times the 10-year average. Texas, which is the largest producer of sorghums, has a prospect of 275.6 million bu. Besides the bumper crops of feed grains, pastures in most areas on October 1st continued to furnish much feed in most areas, with reported condition averaging highest of record for the date. Dry weather caused pasture declines in South Carolina, Georgia and Florida, but the supply of hay and forage available for fall and winter appears to be the most adequate in many years, with shortage likely in very few sections as compared with general abundance.

Primary receipts of wheat were 1.1 million bu which compared with 1.4 million bu last week, and a little less than 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 293,000 bu.

The wheat market was devoid of much commercial trade either domestic or export, but yet old crop futures closed higher. Some buying of December against March must have been further changing by hedge interests, and the nearby delivery continued firm. Flour demand is poor, but we believe that before long some bakers will have to replenish stocks. The corn market was weaker and of course influenced by the bearish government report. Indiana shippers were fair sellers last night, but most of this corn went East apparently to exporters. We did not hear of any export business in corn, although one of the export houses was a buyer. The futures market was helped by very heavy purchases by a commission house which was presumably for an industry. It was thought that these purchases might have been made because of difficulty in buying large quantities of cash corn downstate. There was a little local buying in beans, and the market was reasonably steady. One of the processors who has been on the buying side of the market for several days, continued the same type of operation today, but volume was not big. There is a chance for some light scattered moisture in the Southwest, but chances are it will not be general.

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CHICAGO, 4

November 14, 1958

In the 10-year period, 1931 to 1940, which was prior toWorld War II, the average wheat crops in this country were only 740 million bu. At that time the average carryover was also much lower than at present: namely, 243 million bu. This may not be regarded as a true basis of comparison because we had several drought years from 1933 to 1937, when our wheat crops were actually smaller than domestic consumption. There were, of course, some very big years when we produced more than 900 million bu wheat, which brought up the average. In any case, it might be more fair to take the year 1939 when World War II broke out in Europe, and then our wheat crop was only half as great as it was this season, but it was harvested on 17% more acres than at present. We can also take the same year to show that American farmers at that time were producing only 2 1/2 billion bu corn, but then 88 million acres were planted. This year we produced the bumper corn crop on 17% less land. Thus technological developments have been great, and we could make many other comparisons to prove this point. For example, dairymen have about 3 million fewer cows now than they had in 1940 but each cow today produces two-thirds of a ton more milk. Also, for every two eggs that a hen laid in 1940, her descendant is laying about three today. In World War I, our farm commodities were produced by 13 1/2 million workers; in World War II by 10 1/2 million workers, and today we have only 7 1/2 million farm workers. With modern machinery some midwestern corn farmers produce, harvest and store corn with as little as 1 1/2 minutes of labor per bu.

This is all indicative of the great strides that have been made from the days when we had horses and mules, and less machinery. At the same time production expenses have gone up tremendously, and today they take about two-thirds of realized gross farm income, whereas before 1949, production expenses were only about half of realized gross income. It is these high production costs that have brought down the farmer's net income and have made it necessary to handle agriculture on a big scale so that the small farms have gradually been reduced. Altogether it should be recognized that the problem of surplus production arises today out of the 2 million productive farms and not out of the small, low-incomefarms. With a situation of this kind there is the great need for more freedom in agriculture and more freedom for farmers to make their own decisions. The commercial farmers of the U.S. are doing a better job of shifting production in answer to economic conditions than the government can ever do for them under a rigid formula.

Before our market opened this morning, there was a little confusion as some figures were published in the Wall Street Journal showing the amount of wheat under loan by end of September, which may have included some of the wheat that was resealed. A number of traders thought that this was a new figure that will not be published for a few days yet showing the total amount of wheat under support by end of October. We explainedthis discrepancy to the people on our wire circuit and the news carried quickly.

Germany is expected to buy 65,000 tons spring wheat next Monday, also some hard wheat may be included under an ICA allocation.

It is still quite dry in the Southwest but the 5-day outlook is for some moisture ranging from 1/4 to 3/4 inch but it will be the heaviest in the eastern sections. Despite this, there was liquidation today of July wheat, even at a time when firmness was noted in the old crop deliveries.

Wheat prices were rather firm for the old crop months, and there was some buying of these futures against sales of July which widened the spread. Otherwise it was rather quiet with no particular feature. Some soft wheat flour business was reported mainly to cracker and cookie bakers in the Central States. December corn was firmer than later months. The country is selling very little despite a total supply that exceeds 5 billion bu for the first time in history. A government expert believes that corn prices this winter may average close to the level for the same period of a year earlier. He calls attention to the better quality and feels prices will not be depressed as they were last year by the large marketing of high moisture corn during the period from November through February. Soybeans were steady to a shade higher. There was some selling of January beans by an elevator concern, but offerings were well taken.

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CHICAGO, 4 November 17, 1958

One good way to tell whether a person is prosperous is to find out whether he is paying income taxes and to what extent. In looking up the record we find that people living on farms paid slightly more than a billion dollars in federal income taxes in 1958, and this year, with the larger total farm income, chances are that the tax paid in 1959 may approximate $1 1/4 billion. Of course, this is not the only tax money that farmers have to pay. On their farm property, both real and personal, the rate will go up again 5% on an average, and based on the 1958 levies it is probable that real estate taxes on farm property will amount to $1.1 billion. This will be the 18th consecutive yearly increase. As a matter of comparison, real estate taxes per acre have now risen to $1.02 vs 69¢ per acre in 1950, and 44¢ per acre in1945. Then there are personal property taxes for farm people that will amount to about $240 million. Thus it can be seen that the old adage still holds: namely, that nothing in life is certain except death and taxes. Of course, farming in this country has become "big business" and as long as we are spending money so heavily, there is probably no reason why farm people should not pay their share. Farm assets had risen to a new record value of $187 billion on January 1, 1958. At the same time farm debts have also increased but, despite this, the equities of farmers and other owners of farm properties have reached a new peak of $167 billion.

Most of the increase was due to the upward trend of farm real estate values, but an important factor also was an increase of about $3 billion in the value of livestock on farms. In the first half of 1958, receipts from marketings picked up sharply and the realized net income of farm operators was about 22% higher than in the corresponding month of 1957. The farmer has not been able to escape inflationary tendencies although farm wage rates have not advanced much lately, and for the first six months of this year they were about the same as a year ago, but there have been some increases since last July. They are now at or near record high levels in all parts of the country. Nationally the composite rate is approximately 80¢ per hour, which while high is considerably lower than wages that are paid in manufacturing lines or for such other occupations as bricklayers, carpenters, etc. Social security taxes will be advanced next year for farm folk, the same as for city dwellers, and the increase to 2 1/2% will be levied for both employer and employee. Some Mexican Nationals are brought in each year for seasonal farm work and their pay will go up by about 50%. This will raise labor costs for employers who have relied on this source of labor.

There had been some very heavy precipitation received over the week-end in the form of rain or snow, and the Southwest had the first good soaking in many weeks. A snow warning for Kansas counts on accumulations that will reach to 8 inches, and coming before the freeze this should all be very helpful. In the Argentine weather has turned warm following fairly general rains, which were of great benefit to crops. Harvest has started in a few northern areas but cutting of some grains will not become active for another two or three weeks.

Chicago wheat stocks decreased nearly 1/2 million bu, and making allowance for a small increase inthe afloat stock, there is about 12 3/4 million bu here now. Local corn stocks increased to 21.5 million bu. Oats continue to go out, leaving 5/1 million bu here. Bean stocks, considering the amount in boats are about 16.3 million bu.

Trade was extremely light today. There was not much feature to the wheat market, but Kansas City futures paid more attention to the heavy moisture reported Southwest than we did. Our new crop wheat was a little weaker at one time but recovered. Bakery flour demand was very slow and hardly any new business is being reported. Corn continued very firm, particularly the nearby delivery, both old and new. Apparently hedges are going over to the more distant futures, even though some free corn is accumulating in this city. The spot corn market was 1/2 to 2 over Chicago depending on billing. The fact, however, that there is so much dry corn this year makes it more possible for farmers to hold back. Bookings of corn both barge and rail were very light over the weekend. Beans were mostly firm, and there was no particular pressure from the country. One of the processing firms which has been buying beans for some time was again on that side of the market this morning.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

Nobember 18, 1958

As new techniques have been developed fewer and fewer people were needed on farms to bring in the record-breaking crops that had been produced in recent years. In 1910, about 1 out of every 3 persons lived on a farm; by 1950 the ratio had declined to 1 out of 6, and by 1958 only 1 out of 8 persons was a farm resident. It is always difficult to specifically state how many people are actually engaged in farm operations, but it is known that over 30% of the employed men living on farms had their principal occupation in non-agricultural work in 1958. Among women on farms the percentage working at non-farm work is about 60. Both men and women engage in non-farm work to a larger extent now than in previous decades. Over one-fourth of the farm wives were in the labor force in 1957. If their participation in this direction follows the pattern expected for all married women, more of them will be in the labor force in 1975. Large increases in the use of mechanical power machinery reduced labor requirements for farm work, and the records show that labor input per unit of farm output has decreased by one-half and cropland by one-third since 1940.

In addition to the greater efficiency in the handling of crops, we also had another very important factor: namely, the use of fertilizer, insecticides, etc., and farmers today are using more than twice as much fertilizer as they did 20 years ago. Another source of grain income to the farmer in recent years has been the money obtained through the Soil Bank Program. There will not be an acreage reserve feature to the Soil Bank in 1959, but other features will remain intact. This year payments to farmers under this program amounted to about $700 million. Farm output has increased in each year since 1950, and in 1958 it is expected to rise about 7% over the year before. Total farm output has gone up 20% since 1950 compared with an increase of 14% in total population. USDA figures that by January 1, 1959, farm assets will reach a new high of $200 billion; real estate, of course, is the largest item in this category and will amount to $123.2 billion. Non-real-estate items will account for $58.1 billion, while financial assets will also show a small increase and will rise to $18.7 billion.

We understand that the report of grains under support as of October 31st may not be published until tomorrow afternoon. In our opinion, however, it will show a very large increase over the 382 million bu that was impounded a month earlier. The fact that millers generally are reporting tightness in cash wheat is indicative of the fact that large amounts of wheat are not available for commercial purposes.

According to Broomhall, the U. K. was reported to have purchased several cargoes of Italian wheat while Germany purchased about 10 cargoes of Turkish wheat.

Moisture was good again over many parts of Kansas and the outlook for the next winter wheat crop is definitely improved. There was not much moisture over Oklahoma and Texas, but there is still time in that area before the ground freezes.

Primary receipts of wheat are keeping up at a fair rate, and amounted to 1.2 million bu, which was a little less than last week, and also less than last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 240,000 bu.

There was not a great deal of news to affect markets today. The advance in beans and in corn, while not sharp, was a reflection of small country hedging and selling. Apparently farmers are finding it more attractive to store their grain and possibly to take the loan on these commodities as time goes on. Here in Chicago, we still have 15 1/2 million bu of free beans, but receipts, including all sources, seem to be drying up.

Israel was reported to be authorized to buy 190,000 tons of wheat and flour under P L 480, and purchases are expected to start in another week. Flour business was very slow today, although interest is better than would be indicated by actual bookings. Bakery stocks are declining, and there will have to be some replacements soon. A processor who has been prominently on the buying side of bean futures, continued his activity today. The December wheat future was relatively weaker than the others, but there was some buying apparently for hedge account against sales of the new crop. Chicago stocks of free wheat declined to 11.7 million bu.

UHLMANN GRAIN CO.

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DAILY MARKET LETTER

MEMBERS:
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NEW YORK PRODUCE EXCHANGE
NEW YORK COCOA EXCHANGE
NEW YORK COFFEE AND SUGAR EX.
COMMODITY EXCHANGE INC.
MERCHANTS EXCH. OF ST. LOUIS

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 19, 1958

The situation surrounding feedstuffs is not what we would call particularly healthy. Production of feed grains has exceeded use every year since 1952. It is true that in most years the excess has not been large and in some cases varied from 3 to 6%, although lately the rate of increase has been heavier, sothat during the current season it is expected to be about 11% greater. The net result, of course, has been a steady rise in stocks. The prospective carryover into 1959-60 is over half an average year's production. At that rate we are bound to have trouble before long. The increasing yields per acre of feed gains have been the major influence in the upward trend in production. Most of the grains have been attributable to corn and sorghum grains, reflecting increased use of nitrogen, fertilizers and hybrid seeds, together with an extension of irrigation. Yields of each of the feed grains set new records in 1958. The average for the four feed grains is about 50% above that of twenty years ago. At the present time the corn supply in this country, including crop and carryover, is 5.2 billion bu, which is a third larger than the 1949-53 average. The acreage planted was more than 10% below the 5-year average, all of which tends to show what modern techniques have accomplished.

In wheat, we have another problem, and in our opinion it will become greater as time goes on. Next July we shall probably have a carryover reserve of about 1,300 million bu, which would be 420 million above the 881 million on July 1, 1958, and would be the largest reserve stock in our history. A further increase may occur in 1959-60, since yields at the average of recent years probably would result in the production of more wheat than is likely to be used in this country and exported. The average wheat yields per harvested acre for the record 1958 crop reached 27 bu, which was 5.3 bu more than the previous record a year earlier. The total supply of wheat for the 1958-59 season is estimated at 2,340 million bu, also a new record. Prices of wheat have been pretty well maintained, due largely to artificial factors, but all at the expense of accumulations. This year, of course, farmers will average less for their wheat than they did a year earlier owing to the fact that the loan was cut by about 18¢ per bu. But still it is figured that the average price to farmers, including unredeemed loan wheat, will average about 6¢ below the national average support, which would make the rate to the farmer about $1.76 per bu.

Before our market opened this morning, there was very little news of any kind. Weather was clear over most parts of the belt, including the Southwest. Recent moisture, however, has enhanced the crop outlook for the 1959 winter wheat crop, although there is some doubt whether a record yield will again become possible. Last season we had propitious rains with intermittent regularity, but it has been our experience that bumper crops are just as exceptional as are failure ones. The moisture which occurred recently should benefit pasture conditions, and this is important during the fall months. Despite the improved soil conditions, farm selling in the Southwest is disappointing and there has been no perceptible pickup in wheat offerings. Temperatures generally have dropped and are now more seasonable for this time of the year.

Primary receipts of wheat amounted to 1.4 million bu which compared with about a million bushels both last week and last year. Kansas City and Minneapolis stocks show a total decrease of 257,000 bu so far this week.

Reports from The Southwestern Miller spoke of a slightly better interest developing in hard winter wheat flour, but thus far actual bookings have not increased very much. We are still missing export business, but later in the day a report is due showing the amount of wheat impounded, and this may prove to be a very large figure. There was more buying of December wheat for hedge account, and against this there were sales of May and July wheat, but otherwise interest in the market was very small. There was a little processor buying in beans and pressure from the country was small. Likewise, Chicago receipts were light; altogether there was not much feature and we doubt whether the impounding figure that will be given later in the day will be of much significance. The corn premium firmed a little more, and local elevators are effecting sales at better than a delivery basis. Some of the elevator interests have changed over hedges to the more deferred months. Bean meal was very strong.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 20, 1958

The impounding figures were released after the close of the market yesterday, and showed 453.8 million bu of the 1958 crop under support. In some quarters a higher figure had been looked for but yet this compares with 153.2 million impounded as of October 15, 1957, and 176.1 million bu as of November 15, 1957. We mention both dates last year owing to the fact that the reporting period has been changed. It leaves three months during which period farmers can obtain loans and our guess is that the total under support for the season will not be far from 575 to 600 million bu. There was also 11 million bu wheat shown as redeemed thus far so that the net amount under support is 442.8 million bu. Actually there was about 459 million bu under support taking into account the special distress loans and the extended re-seal of 2.8 million bu. The increases during the month were heaviest in our Northwest and on the Pacific Coast. There was also an increase of nearly 9 million in Nebraska, 12 million in Kansas, but impoundings in Oklahoma and Texas increased very little, and, for that matter, the increases in the soft winter wheat belt were also quite small. The figures on corn and beans were not particularly significant; there were only a million more beans placed under support this year than last, despite a much larger crop. However, the 1957 figure was for a 15-day longer period. Also, this may be attributable to the fact that farmers have been busy with their fall work and have not had sufficient time to prepare detailed paper work.

Total farm production expenses this year are estimated at $24 1/2 billion-- up almost a billion dollars from last year. The largest price increases have been for feeder livestock, up about 25% but prices have also averaged higher than last year for farm supplies, machinery, and motorvehicles. An economist for USDA, addressing the Agricultural Outlook Conference in Washington yesterday, made the following statement:" We have reduced our total acreage of principal crops by about 29 million acres since 1953, but we have substituted one crop for another whenever possible. For example, a decrease since 1953 of some 7 million acres of corn and 5 million acres of oats has been more than offset by an increase of 10 million acres of grain sorghums and 7 million acres of barley. The acreage planted to feed grains other than corn has been increased by nearly 13 million acres. A decrease of 13 million acres of cotton has been offset partly at least by the increase in feed grains and by an increase of more than 8 million acres in soybeans. Also, we have substituted livestock enterprises for crop production. As the demand for agricultural products is relatively inelastic, and as total agricultural production is some 5 or 6% in excess of total demand , we stand little chance of bringing production in balance with demand merely by shifting from one enterprise to another."

Primary receipts of wheat were lighter today, and amounted to less than 1 million bu which compared with 1.1 million bu last week and 1.2 million bushels last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 395,000 bu.

There was considerable weakness in old-crop wheat futures, but despite some hedges that were placed in July, the new-crop months held relatively better. Today's liquidation we think was prompted by some disappointment in the impounded stocks, because yesterday a figure of 500 million bu or more had been mentioned as a possibility. The cash wheat situation in Chicago is such that no mill could buy any appreciable quantity with ease. Therefore, there is still considerable doubt as to whether tenders on December contract will be heavy. At a time like this when the commercial demand is lagging, the market naturally suffers, but there is bound to be some improvement both domestic and foreign, before long. Corn prices were not much affected by the strength in the spot market. #1 yellow conr sold at 3 1/2 over December, but with other commodities on the Exchange lower, there was a fairly good reaction with the deferred months suffering more than the nearby. The difference between December and March narrowed again, and from what we gather elevators will not make any tenders on the first of the month unless the situation changes drastically in the country. Mexico bought 34,000 tons of corn for shipment to be spread over a period of time. Beans were weaker, and we think this was a technical situation rather than any particular news. As a matter of fact, the country is not selling either beans or corn in volume, and today's bean receipts here in Chicago were light.

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CHICAGO, 4 November 21, 1958

As we mentioned in our letter yesterday, the cost of farm operations has risen, and will probably be $1 billion greater this year than it was last. Already in 1957 farm costs were $3.7 billion higher than they were in 1950. There are, of course, some offsets to the smaller number of people working on farms, but nevertheless, machinery of various kinds has been expensive, and the trend has been toward large farms, which has meant big investments, the growing need for skilled management, specialization, etc. Over 90% of our marketed farm products come from less than one-half of our farms. It is extremely common for these commercial farms, particularly in the Middle West to have a capital investment of $50,000 to $100,000 and in some cases it is even greater. Our techniques have improved so vastly that we have had record yields for most crops during the 1958 season, all of which has tended to further increase accumulations and this has been going on for some years. The grain which has been acquired by the government is a price-depressing factor, just as it was in the case of the Federal Farm Board. There can be no dispute concerning the proposition that when government non-recourse loans on commodities are unrealistic and too high, ownership of the commodities will pass to the government by default. Failure or refusal to recognize this inescapable truth has resulted in the disastrous failure of practically all price-raising schemes whether attempted in this country or elsewhere. Whenever we artificially raise prices to levels higher than the open market can support, we will reach a situation which can only achieve the inevitable result of accumulations of unworkable surpluses, with resultant injury to farmers, and to our economic system as a whole. We are convinced of one fact: namely, that no country even though resourceful, as is ours, can amass these surpluses indefinitely and pay storage at the rate of more than $60,000 every hour of the day and night.

Before our market opened there was not too much to guide it. The five-day weather outlook was for little rain, including the Southwest territories, with temperatures a little below the normal. However, not much attention is being paid to weather right now. In fact, the most important item is the quantity of wheat that will finally be impounded. The size of crops is fully known, even though there might be minor changes in the December estimate. The amount of wheat needed for domestic usage is also a known factor. Our exports of 430 million bu should not vary a great deal from the government's goal, and up to the present time we have shipped 149 million bu, which is equal to that of last season. The price will determine how much wheat goes under support, and also the quantity that is redeemed. Some people are a little bearish because 11 million bu of wheat has been repossessed, and it is, therefore, concluded that if prices advance more, further quantities will come out of the loan. Each month will add charges to the carrying account, and make it a little more expensive to withdraw wheat. Even while withdrawals take place in some sections there are entries into the loan in other parts of the country. Some export business could develop before long, and offers are going out shortly to Israel for three cargoes of Gulf hard and one of Atlantic red. Greece has also received an authorization for wheat and other grains, while some purchases are also schedulec by Germany. Any improvement in the commercial demand would naturally create a better sentiment.

Primary receipts of wheat were somewhat over a million bu which compared with 1.2 million bu last week and 1.1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 633,000 bu. When the visible supply is posted on Monday it will compare with an increase last year of 3.1 million bu.

Trade was not active today. There was some local buying of December wheat which narrowed the spread between nearby and distant months. It looks to us as if tenders on the December contract will probably be very small. Kansas City showed a firm undertone while we were hesitant, and this may have also had some influence on the market. Beans were quite weak, particularly the January delivery, and it lost ground on the more deferred months. Some beans are coming here from Memphis by barge. Corn prices were fractionally lower. In the spot market No. 2 yellow sold at 4¢ over December. All of this is happening in the face of the largest crop ever raised.

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CHICAGO, 4 November 24, 1958

The President has sent a directive to the heads of all federal agencies, instructing them to stay within specified allotments for the fiscal year starting July 1, 1959. In this connection it may be noted that agriculture is budgeted for over $6 billion of expenditures. It has been recognized by many members of Congress (including both parties) that the agricultural programs of the past have not succeeded. Different conferences are to be held in December on the subject of agriculture, as the country has been saddled as a whole with a very heavy financial burden, and sooner or later a program will have to be devised to prevent this country from being crushed under its own mounting abundance. Due to high loan supports and a revolution in agriculture, in organization, equipment, and techniques, we have reached a point where farming is a big business and where surpluses are almost unbearable. We have come a long way from the time of President Cleveland when he vetoed an appropriation of only $25,000 to buy seed corn for farmers ruined by drought. Back as far as 1920, following World War I, the cry was for less government in business. Of 4.8 million American farms, 2.1 million presently account for at least 90% of the total domestic output of food and fiber. While for those who raise crops it is very pleasant to receive direct payments, and for the handlers of grain it is also very pleasant to store grains for the government; nevertheless, we will have to soon decide in the years immediately ahead whether we will limit the role of government to those functions which private individuals cannot perform as well, or will we, as a people, gradually become less self-reliant, less willing to assume responsibilities, and seek increasingly delusive shelter and deceptive security of government?

One of our very well posted friends in Canada remarks that it is reassuring to learn that the new Barter Program announced by the USDA will have relatively little effect on the total amount of barter transactions. They comment that an experienced observer in Washington points out that the program is so restricted that exporters will make little use of it. The Barter Program in its original form was used quite extensively and created considerable disturbance and alarm in Canada and other countries, so much so that it was drastically revised and restricted by Congress.

Broomhall advises that the past week was favorable for development of crops in the Southern Hemisphere. A large crop is practically assured in Australia, with predictions as high as 200 million bu, which would be arecord wheat outturn, and trade advices from the Argentine have been more optimistic as a result of recent generous moisture over most areas.

There was very little grain news over the week-end. India is asking for offers of 2 cargoes Gulf wheat this afternoon for acceptance by tomorrow. Several times in the past, even though they have only asked for tenders of one or two cargoes, they have bought more. It is also reported that Israel bought a cargo of one hard wheat from the Gulf and one cargo of red wheat from the Atlantic.

The October crushing of beans was very heavy, totalling approximately 33 1/2 million bu as compared with 28 million the year previous. While the inventory of beans in the hands of processors is apparently large, nevertheless they continue to replenish their grind.

There was some reaction in the stock market, possibly somewhat overdue, although some nervousness is being expressed over the Russian stand on Germany. However, this did not have much effect on grain markets. Trading in wheat was very quiet, although there seemed to be some liquidation on part of locals in corn and in beans. There is supposed to be consummated today some flour business for relief purposes, but otherwise not much business reported by mills, but there seems to be a fairly good interest among buyers of hard winters.

Primary receipts of wheat today totaled 2,526,000 bu vs 2,600,000 bu a week ago, and about 2,200,000 bu on comparable day of last year. Chicago stocks of wheat showed a decrease for the week of 511,000 bu, leaving slightly over 12 million bu in this market. Corn increased slightly over 1/2 million bu. Beans instore decreased by a similar amount, although the bushels afloat increased 392,000 bu. When the visible was posted today, which showed a decrease of 3,969,000 bu, bringing the total to approximately 379 million bu, or about 49 million bu more than last year. Barge bookings of corn are very light, even though some buyers were willing to pay up about 1/2¢ under delivered Chicago. Another barge of beans has been sold to come from Memphis.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 25, 1958

Today the corn growers in this country will vote on the referendum as to whether the present program on restricted acreage will be continued, with a probable price support next year of $1.25 a bu. The other alternative is unrestricted acreage with a lower support level, probably about $1.13 a bu. It seems to be expected in Washington circles that the unrestricted acreage plan will carry, when it is considered that only a small percentage of farmers stayed within allotments with a secondary loan of $1.06. Therefore, the vast majority of growers would benefit by the elimination of restrictions and a loan that might be 7 or 8¢ higher than was available to non-compliance farmers this past season. Some farmers have already placed their seed requirements with the thought that they will enlarge their acreages.

According to USDA, the outlook for 1959 is that there will be an increasing flow of products from farms, which will probably maintain total cash receipts from marketings. The elimination of Acreage-Reserve-Program payments after 1958 and prospects for a further slight rise in production expenses could well bring a reduction of from 5 to 10% in realized net farm income, depending largely on the level of crop production next year. For the first three quarters of 1958, farmers' realized net income has been running nearly one-fifth above the 1957 levels and is expected to maintain this increase in the last quarter of 1958. Gross farm income has been 10% above last year, due largely to substantial increases in cash receipts from marketings. Farm production expenses have increased, but by only half as much as gross farm income. It is estimated that the per-capita income of persons living on farms may exceed $1,000 this year for the first time in history.

Secretary of Agriculture Benson, in a recent talk before the Commercial Chemical Development Association and the National Agricultural Chemical Association, pointed out that chemistry has played a very important part in the advancement and welfare of the farmer. He mentioned that the industry has provided effective chemicals to control 10,000 varieties of injurious insects. 20 years ago, about one-fourth of all farmers' products was destroyed by insects and today this destruction has been cut down to 12%, with a much larger agricultural output. He estimated that plant diseases have caused crop damage amounting to about $3 billion a year. The balance of the damage has been done by weeds, rats and other rodents.

There was some comment on the Floor this morning that a Journal in the Southwest had referred to the fact that farmers were being advised to sell their wheat. However, we have not been able to confirm the article, and in checking with our Kansas City office, they do not see any perceptible increase in selling. One elevator in Hutchinson sold a fair quantity to mills over the weekend, but this was choice mill wheat and at fancy premiums. Otherwise there was very little news to affect wheat today. It was reported that India bought two cargoes of hard wheat, and Israel bought13,500 tons of hard wheat out of the Gulf. According to The Southwestern Miller, flour demand is limited, with no sign of any breaking out of activity. There is an increased interest among bakers in extending coverage, but there is no eagerness about taking hold for the present. The free stock of wheat in Chicago decreased 529,000 bu during the past week, leaving a balance of slightly over 11 million bu. At the present carrying charge of around 3¢ there is indication that some of the elevators will deliver wheat against December contracts. Free stocks of corn in Chicago increased 726,000 bu; the free stock here is approximately 6 3/4 million bu.

Recently the CCC approved credit sales slightly in excess of $21 million, including oats, barley, milo and corn, with no indication of the individual quantities of the different cereals. This may account for the buying that has been reported from the CCC, as the credit sales must be supplied from CCC stocks and sold to exporters.

Primary receipts of wheat today totaled 1.6 million bu versus 1.2 million bu last week, and 1.0 million bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 112,000 bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 Nov. 26, 1958.

While complete returns are not in, it looks as though the referendum vote yesterday was overwhelmingly in favor of discontinuing corn acreage controls. This should mean a rather substantial increase in the land planted to corn but as to what the adverseeffect may be on the planting of other grains, such as beans, remains to be seen. However, the vote would indicate that at least the corn farmers prefer to operate without acreage restrictions and want to free themselves of government controls and become "masters of their own destiny." We think that it will be only a short time before another program will have to be devised for wheat, as surpluses are increasing to rather staggering figures.

In studying the figures issued by USDA of the amount of money expended from 1932 through 1957 for the welfare of the farmer amounts to somewhat over $48 billion. Of course, one must analyze the figures as part of this amount was spent for programs of electrification, telephone facilities, maintenance and housing, but under the heading of programs primarily for stabilization of farm prices and income $15 billion has been expended. For conservation of resources approximately $6 billion was spent, and for special activities conducted by the Department to transfer funds as a service for other agencies, chiefly for purchase of commodities for Lend-Lease, UNRRA., for mutual security and other foreign aid programs, and for the procurement of agricultural commodities for foreign aid other than through Department of Agriculture, approximately $18 billion. As we understand the figures this latter amount does not show as any direct charge against the agricultural budget. However, in one form or another substantial sums have been expended.

According to the Kansas Weekly Crop Report, rain and snow furnished sufficient moisture to replenish topsoil, although a number of commodities in the western half of the state are still in need of additional precipitation. The Nebraska report comments that condition of winter wheat and other growing crops registered some improvement following last week's precipitation. The moisture was rather liberal.

Yesterday we mentioned in our letter about a journal in the Southwest advising the farmer to sell his wheat. It appears that one of the farm journals published in that area wrote as follows: "Sell hard red winter wheat if it isn't eligible for loan. Cash price isn't likely to reach loan level. Look for a price dip after January 1st as wheat held for 1959 income is dumped."

Broomhall's Foreign Crop Summary statesthat European weather and soil conditions are generally favorable with the early planted areas developing satisfactorily. The acreages will compare favorably with last year, despite the late seeding start. Conditions are favorable in Western Germany, and planting is well advanced in Italy, but some delays due to wet weather. Australian wheat crop is maturing satisfactorily, while in the Argentine rains have benefitted small grains.

There was not much export business reported overnight, although India and Israel continued to ask for offers.

As far as flour business is concerned it is rather dull, with a holiday atmosphere. According to The Southwestern Miller bakers are watching buying opportunities, but are in no hurry.

The main feature of the market today was liquidation of December contracts in anticipation of the first tender day on Friday. We have guesses on wheat tenders, ranging anywhere from 1 to 2 million bu, but it is hard to get any definite information. There was some further changing over of hedges around 3 7/8¢ difference today, and also some evidence of hedging. We heard of further purchases of beans to come to Chicago by barge from Memphis, and understand that recently the amounts worked have been substantial. This, added to our present Chicago stock we believe will be conducive to widening of carrying charges. This had somewhat of a depressing effect on beans, plus the fact that meal was weak due to the disappointment in that the anticipated decrease of freight rates was not allowed.

Primary receipts of wheat today totaled 1,596,000 bu vs 1,435,000 bu last week and 908,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 212,000 bu.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 November 28, 1958

At the end of the 18th century, Malthus advanced the theory that the population of Western Europe would soon exceed food resources unless checked by war, pestilence, or other disasters. However, his theory at that time proved incorrect due to the discovery of the New World, which opened up outlets for immigration, and the modernization of agriculture assured an increasing food supply. Whether this theory will prove to be correct in the future remains to be seen. Economists with the U. N. estimate that the world's population will double before the end of this century, and in a country like China 12 million new-born babies will be added to its population this year. Increases are facing other non-western countries. Other countries which do not object to planned parenthood on religious grounds have initiated official programs to stabilize their population-- notably India, with nearly 400 million people, Japan with 91 million, and Egypt with 24 million. However, with the exception of Japan, poverty and illiteracy have so far prevented prompt results, and countries which have vast populations today can at best hope to reach the stabilization point 50 to 100 years from now, according to one authority. No suitable territories remain open for large-scale movement to other areas of the world, and Australia, for example, practices an immigration policy of whites only. We have often mentioned in our market letters that the food surpluses of the world were not as much a matter of production as maladjustment of distribution. However, the raising of living standards in many of these countries is a matter of education and economic development, as well as a matter of simply making food available.

According to the final compilation, farmers in the commercial corn producing area voted about 71% in favor of the referendum eliminating corn acreage allotments. It would not seem on the surface that the new program would alleviate surpluses, as it appears that the acreage devoted to corn for the coming season will be increased and production enlarged, particularly if growing conditions should be favorable. No doubt when the new Congress convenes many programs will be suggested with reference to wheat, as those in force for the last decade or two have failed miserably in the curtailment of surplus production and the amount falling under government control due to price supports. At the present time, the determinant factor as to the price of wheat will be the amount that is finally impounded under loans, and the price level will be the main factor as to whether or not there will be large-scale redemptions after the turn of the year, as many farmers have elected to postpone their taxes into 1959. While there are not many export sales being reported, agreements that have been signed for allocation of funds under P. L. 480 should indicate a very substantial figure for exports the balance of the crop year.

Broomhall comments that recent wide-spread generous rains have been very favorable for all crops in the Argentine, and the belief is now that the wheat crop will be larger than last year. There was little grain news overnight, except there was rain and snow over the Southwest, particularly in the southwestern sections where moisture had been lacking. We heard of no export business, and flour business is dull, although it is expected that on Monday the government will be in the market for some flour for relief purposes for shipment by December 30th.

Interest in the market seemed to be lacking today. Up to noon-time there were tenders of 200,000 bu of wheat put out against December contracts, also tenders of 500,000 bu of corn, and 835,000 bu of oats, of which 380,000 bu had been retendered. The Southwestern Miller reports some increase was noted in farm selling in the Southwest, particularly in the better protein areas, and offers were somewhat more liberal from the country and sub-terminal elevators. However, do not think to-date this selling has reached any large proportion.

The U S Department of Agriculture on Wednesday announced that Commodity Credit Corporation stocks of the 1957 crop soybeans will be made eligible for sale under the barter program, which acted as somewhat of a damper on beans, as this means supplies will come from government stocks and not from free channels.

Primary receipts of wheat totaled 1,403,000 bu vs 1,063,000 bu last week and 1,463,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net decrease of 149,000 bu. When the visible supply of wheat is posted on Monday it will compare with a decrease last year of 3,781,000 bu.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 December 1, 1958

According to press dispatches, it appears that the President will present a budget of about $78 billion, or about $2 billion less than had been originally anticipated, which would be the first reversal or interruption in the upward trend of the past five years. It is also thought that revenues might be somewhat increased on the upturn in business. There can be no doubt that recently we have had an "inflation psychology," which has been reflected particularly in the prices of securities. However, one outstanding economist does not feel, that the fears of inflation are warranted at the moment. The productive capacity of this country is vast and increasing. Many industries are beginning to benefit from the large expenditures for plant and equipment made in previous years. It is anticipated that unemployment will still remain at a fairly large scale. In addition, competiton at home is keen, and international competition is becoming sharper than at any period since the end of the war. If production costs and commodity prices continue to mount, many American products will price themselves out of world markets. However, it is still felt in many quarters that the purchasing power of the dollar will decline further.

The parity price on wheat as of November 15th was raised 2¢. The index of prices received by farmers dropped four-tenths of 1% during the month, while the index price paid by farmers, including interest, taxes, and farm wages rose one-third of 1%. The $1.81 loan announced earlier was the minimum average support for the 1959 wheat crop, and was based on the then current parity price of $2.42. It did take into consideration an allowance of 1¢ per bu reduction to complete the transition of wheat from the old to the new or modernized parity.

While export business appears to be at a slow pace, nevertheless, Broomhall, as of November 26th, places the wheat and flour in terms of wheat exports from this country since July 1st at 153 milion bu compared with 155 million bu for the comparable period of last year. Therefore, exports are keeping up to those of a year ago. Negotiations are now under way for the barter of American surplus wheat to India for manganese ore, and it looks as though a barter agreement will be signed in the next couple of weeks. It would call for the swap of about 450,000 tons wheat. Between the barter arrangements on wheat and beans and the credit selling of corn, the program is now being circumvented for placing the export business back into private hands, as both the barter and the corn credit trades come from government-held stocks.

Since the corn referendum, Secretary of Agriculture calls wheat the #1 agriculture problem, calling attention to the fact that the government is now storing more then $3 billion in wheat surpluses, and that if we do not raise one bushel of wheat from now until July 1960 we could meet all our current and probable export needs and still have a carryover of 325 million bu. He stated that farm products are meant to go to market, and that government warehouses are not a market.

There was lack of interesst in all grain pits today, and fluctuations were of a rather nominal character. There was no overnight news as far as wheat is concerned, with the exception, as mentioned in the fore part of this letter, further announcement of barter trades, meaning that less and less will come out of the free market. India is inquiring for offers for tomorrow for hard wheat from any coast. Pakistan and Greece each are supposed to be in the market for 20,000 tons hard wheat, and Brazil for 30,000 tons. Milling demand remains quiet, although mills will offer about 832,000 cwts flour for export relief for acceptance Friday.

Chicago wheat stocks showed a decrease of 254,000 bu for the week, leaving a balance in this market of approximately 12 million bu. Corn stocks decreased 284,000 bu, leaving 21 3/4 million bu, while beans showed a decrease of 123,000 bu; however, stocks in elevators and afloat amount to about 17 million bu. The USDA announced details for the 1958 crop soybeans taken over under price support; their sales policy from June 1st to October 1, 1959 will be priced at either the domestic market or the 1958 price support loan, basis #2 beans at point of production, plus 5¢ per bu and 1 1/2¢ per month carrying charge beginning June 1st. whichever is higher.

Primary receipts of wheat today amounted to 1.8 million bu vs 2.5 million bu last week, and 2.0 million bu last year.

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CHICAGO, 4 December 2, 1958

One of the great mistakes of the past, and even of the present, is an effort on part of the government to try to serve all of agriculture with similar programs. It has been costly to taxpayers, and in many cases farm families have been hurt rather than helped. Just last week more than 71% of the farmers who voted in the corn referendum declared themselves in favor of more freedom to make their own decisions and against undue government interference in their affairs. This was the first clear-cut, realistic choice that farmers have ever had on the question of controls vs freedom. As matters now stand, farmers are free to plant as much or as little corn as they wish, with a safeguard of a reasonable price support level. In the case of wheat, producers have not had the same opportunity to make such a clear choice. We have spoken on many occasions of the huge surpluses that are being built up. By the end of the crop year there will be about 1.3 billion bu wheat in the reserve stock, which is more than twice as much as our domestic consumption. In the case of feed grains every year since 1952 we have raised more than we used, and supplies have now been built up to a point where the carryover into the next marketing year will be about 75 million tons. This will be close to 60% of an average year's production, and it is obvious that this is far more than an adequate reserve.

To fully understand American farming we should reflect upon these basic facts: (1) Commercial farms which are primarily family-operated are some 2.1 million in number. They produce 91% of the marketed farm products. (2) The small-scale, part-time, and residential farms number 2.6 million. This large number sells only 9% of the farm marketings. More than one-third of the farm operators work off their farms 100 days or more each year. The rural people who do not live on farms outnumber those who do by a 5 to 3 ratio. About 40% of the net income of farm families is from non-farm sources. Thus it can be seen that many a farm community today is a veritable melting pot of people of diverse occupations. To plan for every segment of our agricultural community is impossible, and it is, therefore, no wonder that most of the programs have been futile, and have accordingly not borne fruit. There are any number of small farms that produce comparatively little, and there is, consequently, little to market. Many of these people need supplemental employment and other sources of income. There is no reason to subsidize this element any more than a person who chooses to work only part time in industry. If we are to be a free people, farmers must be permitted to make their own important decisions on their own farms and ranches. To apply acreage controls and allotments or any other restrictions will in time defeat their own purpose. This is too fundamental to discuss at greater length.

Before our market opened this morning, we found that the elevators in Chicago were all operating and the Board of Trade had come to an agreement with the weighmasters that removed the threat of a strike. Wheat prices were somewhat higher and there was some mill buying. We also heard that there was a bid of as much as 5 over for 5-day shipment of corn to come to Chicago, with the country not selling much. A good corn business had been put through to the U. K., and Israel was reported to have purchased 2 cargoes hard wheat (12% protein) for January shipment. Pakistan did not buy, probably due to the high price that was quoted but they may be in the market again on Thursday.

Primary receipts of wheat today were nearly 1.5 million bu, which was a little less than last week, but compared with a little over 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a total decrease of 85,000 bu. The wheat visible decreased 3.5 million bu, leaving 375.3 million bu in all positions vs 325.6 million bu last season. The visible of beans increased 1 million bu, to a total of 39.5 million bu, which is 15 million bu more than last year. The corn visible increased 2 million bu to a total of 90.2 million bu vs 88.2 million a year ago.

We heard that flour business was very substantial, but the amount of futures buying did not reflect as large a trade as had been reported. There was a little more selling of wheat on part of the country, and a leading coop in Oklahoma sold some rather sizable amounts to exporters, as well as to mills. In any case, wheat prices were higher. Beans were indifferent, but corn was up a fraction. Rye was firm considering a season's low today at Winnipeg.

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CHICAGO, 4

December 3, 1958

For the past three or four weeks politicians have been guessing what would happen to Berlin in view of Russian threats to make it a free city, but for the time being at least there seems to be a respite of about six months. It is to be hoped that some sort of solution may be found in order to avoid an outright conflagration. One of our friends in London writes that he is far less optimistic about the future of the European Free Trade Area than he is about the settlement of the Berlin dispute: "Germany has apparently agreed with France to torpedo the wider prospect of the Free Trade Area which will, no doubt, force Britain to make a common cause with Scandinavia, Switzerland, and Austria in facilitating a growth of trade amongst the outer group. This is very dangerous. A French move now supported by the Germans may economically split Europe into two."

Before our market opened this morning, there was not too much to guide it. Weather is hardly a factor and the size of this year's crops is pretty well settled, although on December 17th, we shall get the final figures of all crops that were grown during 1958, with comparisons with other years, and some revisions will be made. Two days later the government will make its first estimate on the seeded acreage for 1959, as well as the indicated production of winter wheat and acreage and condition of rye for harvest in 1959.

The trade, of course, is suffering from the fact that when prices are held up artificially, there are always some curtailments in the consumptive demand. The best example of this had been in the consumption of peanuts, with prices held higher than apparently consumers were willing to pay. Substantial quantities had to be diverted into processed products, such as oil and meal, at considerable cost to taxpayers. This was the direct result of high price supports, which discouraged the consumption of peanuts for food. We do not have an exact similarity for wheat even though the cost of bread has risen substantially since World War II. At that time the cost was 6¢ a lb whereas today a modern loaf costs about 19¢. However, in terms of consumer buying power, it took about 16 minutes of the worker's time to pay for it in 1914, while today it takes only 5 minutes of work. It is true that our per capita consumption has declined, but this we think is due more to the fact that the public is "calorie conscious" and also because most people are enjoying diets consisting of meat, vegetables, frozen foods, etc. Some of our surpluses, particularly in feed grains, have been piling up, not only due to heavier production but also because of revolutionary changes in the technological field. For example, the 200-lb hog that required 760 lbs of feed and a growing period of from 6 to 7 months in 1937 can be produced today in about 5 months with less than 700 lbs of feed. More than three fourths of the formula feeds for hogs now include antibiotics. The returns are showing up in extra pigs at farrowing, more rapid growth, less retardation and less sickness. We have also learned a lot about breeding and feeding livestock on a more scientific basis. When the industry is able to produce and market meat that is uniformly tender and that contains a high-level food value, it naturally increases per capita consumption, and even at times gives us improved markets abroad.

Primary receipts of wheat were just around the million-bu mark, but compared with 1.6 million last week and a little less than 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 35,000.

Trade was extremely quiet. It seems that yesterday's flour business was not as large as had been anticipated, owing to the fact that one large baker did not book commitments, as was expected. There was some additional flour business overnight, but participation generally was not large , and this was responsible for some easing in the market. We heard of some white wheat having been sold to India via the Atlantic, and there may have been a little covering against this transaction, but commercial business generally was light. India bought some Gulf and West Coast wheat, but it was difficult to see any lifting of hedges against these transactions. In the case of beans, the market was somewhat lower. Small stop-loss selling was noted on one or two occasions, but volume of trade in this pit was also small. Corn was quite indifferent. The spot market remained firm, and the country is not selling to any extent. However, it is difficult for some people to get very bullish when they reflect upon the size of this year's crop, December oats strengthened, but this had very little effect on the later months.

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CHICAGO, 4 December 4,1958

The trade in all pits seems to be at low ebb. It is always difficult to arouse much interest unless there is some real issue. Many people who look at the supply figures are deterred from taking a position on the constructive side of the market, but by the same token the high support levels are a restraining influence to shorts. Thus the latitude of the market has been narrowed to a point where fluctuations are extremely narrow. Every time wheat prices advance the government lowers the export subsidy, and conversely when prices decline the subsidy is increased; therefore, thenet price to the foreign buyer hardly changes except when ocean freights vary. Consequently, there is not the same incentive for anyone abroad to lay away stocks because the foreign price remains stable and there is no such thing as getting a bargain as there used to be when we had free market activity. Those who believe that impoundings will finally give us an artificial market realize that we have enough corn and other feed grains to last for more than a year and a half even at a very high rate of feeding. We have enough wheat to last for more than two years at present rate of disappearance, assuming high-level exports. In fact, our total stocks of 2.3 billion bu wheat would fill all available outlets for the two-year period and still leave about a third of a billion bu in reserve as a start on the third year. How did this all come about?

According to the latest census there are only about 43 million more harvested acres than there were in 1900; so in nearly 60 years we did not have a large expansion by way of opening up new lands. There were, of course, technological improvements which enabled farmers to produce more per acre, and the shift from horse power to mechanical power, which released about 73 million acres of cropland from work animal feed to other uses, has brought about some great changes. The average farm today is about 60% larger than it was at the beginning of the century. At that time the average farm had 146 acres. Today the number of acres amounts to about 242. This was a natural development because as farmers acquired more machinery and increased the investment in their farms, they found they were able to handle a larger acreage with the same amount of family and hired labor. Then, of course, there was a tremendous increase in the use of fertilizer. It is about seven times greater today than it was 50 years ago. We are using nearly 2 tons of fertilizer nutrients for each commercial farm. The question, of course, arises as to how we can correct a situation where surpluses are building up at an unprecedented rate. Obviously a program of offering farmers greater incentives to produce by keeping prices artificially high has not been the answer.

This brings us to the point of suggesting a solution of merely supporting wheat prices on that portion which is domestically consumed, thus discouraging overproduction when foreign outlets are limited. Considering that domestic wheat disappearance is only about 600 million bu and that we raised last summer nearly 1.5 billion bu, it must be obvious even to the casual observer that a situation of this kind cannot long endure. The main effect of wheat going under government support is to lessen market activity, narrow the fluctuations, discourage traders, and even to eliminate many hedgers from engaging in their usual protective insurance, so that actually commercial business in the contract markets is dwindling to a point that, if continued, may seriously reduce the usefulness of our markets. If present programs persist, there can be only one solution: namely, the government handling of grain, which would be a serious blow to our free enterprise system.

There was very little in the statistical news today. Kansas City and Minneapolis stocks so far this week show a net decrease of 49,000 bu.

There was more selling of wheat in the Southwest and we heard that some good quantities were sold from protein areas in northwestern Kansas, southwestern Nebraska, and eastern Colorado. Some 13% protein wheat was worked to Kansas City, as low as 12¢ over their December, which is about 5 to 6¢ cheaper than it sold for about ten days ago. It would not be surprising if some of this were ineligible wheat, on which the penalty of $1.09 per bu had been paid. New-crop futures were in demand, and closed higher. There was considerable liquidation in beans, and some stop-loss selling. On the other hand, a processor bought January, but locals more than supplied the demand. The spot market in corn was firm at 5¢ over December, but apparently this is not having much influence on futures. A professor at the University of Illinois claimed that the corn supply on farms at current levels is too high to move into loan in any volume.

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CHICAGO, 4

December 5, 1958

Anyone who has taken time to study our agriculture situation must realize that wheat is the major surplus problem. The government has over $3 billion in wheat owned and under loan and by next summer we shall have a carryover of 1.3 billion bu on hand, with another crop staring us in the face, although production will probably not be as large as the near 1.5 billion bu we raised this season. Nevertheless when we consume only 600 million bu at home, even a large export outlet may not keep us from adding to our reserves; thus the mounting surplus problem is one that may be with us for a long time unless we change our programs completely from those now in effect.

Should the farmers be given the same privilege of voting for allotments as was the case in corn, we might have larger rather than smaller acreages. Even this year there have been a great many wheat farmers who overplanted their acreage allotments, and are taking a penalty of as much as $1.09 per bu, which is quite indicative of what can happen when soil and planting conditions are favorable during the fall months, insofar as winter wheat is concerned or when spring conditions are favorable for the growth of wheat in our Northwest.

The fallacy in most of these programs as we see it is that too much attention is paid to whether the loan is at a higher or lower percentage of parity instead of giving consideration to the more fundamental issue which would suggest that we eliminate high supports for the portion of the crop that goes either for export or is otherwise in surplus. As long as there is the same encouragement to grow wheat either for domestic usage or for surplus, farmers are bound to raise all they can in an effort to use their land profitably. While it is true that this year realized net farm income is about 20% over last year, this may adjust downward 5 to 10% in 1959, although it could easily continue substantially higher than in 1957. There is more, however, than the price factor itself, by which we mean that the piling up of surpluses acts as a depressing factor because so many people realize that sooner or later the accumulations will have to be sold. This has tended to curb speculation even though the government has been rather careful not to throw wheat ruthlessly on domestic markets. As we mentioned in our previous letters, farmers do not depend entirely on farm income, and it is now estimated that non-farm income of farm families may set a new record high in 1959. Actually farmers have never been in a stronger financial position. Total assets at the start of 1959 are expected to be near $200 billion, which would be an increase of 7% in a year. Equities will be about $177 billion, with debts only about 11% of assets. However, the fundamental situation cannot be construed as sound as long as we continue to pile up supplies for unwanted markets.

We note that with 6 million bu of wheat and flour exported during the past week, the total is brought to 160 million bu, which is about the same as last year; so we have caught up in spite of an early lag. Even these shipments could not have been accomplished without government aid. Greece was reported to have bought overnight 10,000 tons corn, 5,000 tons barley, and 4,000 tons of oats, all for January shipment. Japan bought 17,000 tons of soybeans for December-January shipment.

Primary receipts of wheat amounted to 1.1 million bu which compared with 1.4 million bu last week and 1 million bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 126,000 bu. When the visible supply is posted next Monday it will compare with last year's shrinkage of 2.7 million bu.

Trade was extremely light. Wheat prices were somewhat lower, and only a few scattered orders were put through in flour, but it is likely that CSS awards will come through today on more than 800,000 cwts of export relief flour, together with about 200,000 cwts of corn meal. New-crop wheat futures were again firm on the belief that next year's loan will be higher than the minimum originally announced. Corn held well considering the heavy selling by a commissinn house. For long periods of time there was only 1/8¢ fluctuation in both May and July corn, although the near-by months were a little more active, Beans did pretty well. The fact that they are selling well below the loan level is attracting a little more attention, plus the fact that Chicago stocks may be drawn upon by commercial interests, although at present supplies here are still very heavy. We also expect a fair decrease in the Chicago wheat stock next Monday.

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CHICAGO, 4 December 8, 1958

Over the long week-end this writer has tried to assess and evaluate the farm programs that have been in effect now for two decades. The first and foremost factor that came to mind was the progressively higher yields per acre, which from a scientific point of view is desirable, and from a farmer's point of view is likewise a great satisfaction, but down in his heart no producer has ever felt that he was entitled to get as much for his crops when they were large and bountiful as could be obtained from medium-sized crops. This is a fundamental situation that applies to almost every economic phase of our industry. For example, authomobile manufacturers realize that when more cars are manufactured than are purchased, they have to cut down production. We conclude that even in agriculture it is uneconomic to hold an umbrella over producers and try to give them the same high price when we raise 1.5 billion bu as when only about half that quantity is harvested.

The excessively high loans have done nothing but help to accumulate surpluses that were unneeded, and these have finally become a burden upon the market, which is now being recognized nationally. Acreage allotments and marketing quotas were instituted during a period of emergency to serve a useful and legitimate purpose. In some instances, but only for a short period, they did serve that purpose. Over the long pull, however, (and they have now been in effect for 20 years) they have not even dented the imbalance between total supplies and available markets. On the contrary, by helping to freeze some inefficient production patterns, they have contributed to probably the worst imbalance in our history as is evidenced by the record carryover reserves of corn and wheat, and probably some other commodities as well. If the farmer is to receive full parity on that portion of the wheat crop that is domestically consumed, it seems impractical to pay him the same price and to offer him the same incentive for producing larger quantities than can be exported, and which will finally have to be stored at heavy cost. Even an acreage cut in wheat to 55 million acres was not sufficient to get production and consumption into proper balance. Therefore, we say it is time for a change in the whole program that has brought us into this fix.

Some had hoped that with the phenomenal growth in population, we might overcome some of our problems. Ten years ago there were 147 million people in this country and some forecasters were bold enough to suggest that we might reach a figure of 175 million by 1975. As a matter of fact we passed the 175 million-mark a few weeks ago, and current estimates are that our population may go to around 230 million by 1975. The simple truth is that production has exceeded the rate of population increase. In the 20 years from 1938 to 1958, population increased by about 32% but farm output had increased by about 50%. In other words, while population growth provided new customers, the rate was not fast enough to keep up with the increase in farm output. Looking ahead, there is no definite assurance that population will forge ahead of potential agricultural production at any time in the reasonably near future.

Chicago wheat stocks showed another good decrease of 644,000 bu, which leaves 11.3 million bu in our market, the bulk of which is free wheat. Corn stocks decreased 729,000 bu, leaving 21 million here. Rye stocks declined 114,000 bu, and with the amount afloat we have less than 2 million bu here. The Chicago bean stock declined 864,000 bu. Oat stocks decreased 520,000 bu.

Markets were not particularly active. December wheat was a little firmer thanthe later months, but commercial business generally was light, and new inquiry for flour is extremely dull. There was a further upturn in beans, and there is some speculative buying on the theory that prices may get closer to the loan level. On the whole, however, trade is not too active, but an industry keeps buying January beans, apparently covering hedges. There was also some speculative buying in March. Spot corn was 6¢ per bu over December. Trade was not particularly heavy, and there were no new issues, although cold weather over part of the Belt may cause a little additional feeding.

The Australian wheat crop, which is officially estimated at 180 million bu, should provide 122 million bu for export and carryover, or nearly twice as much as last year. The official Argentine wheat estimate is for a crop of 237 million bu vs 213.5 million bu last year, and 261 million bu two years ago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 9, 1958

The Department of Agriculture was established nearly a century ago. It came into being during the administration of Abraham Lincoln in the early 1860's. The original purpose was to acquire and disseminate agricultural information in order that producers would have a better knowledge as to what to grow on certain types of soils; they also made studies of crop conditions at home and abroad in order to keep farmers better informed on current conditions. It was at about this period that Congress passed the Land Grant College Act, by which large tracts of government land were donated to the states for the purpose of endowing agricultural colleges. Before the Agriculture Department was born this historical and statistical data, together with other factors affecting production and marketing, were gathered by the Patent Office, but it was only a natural development that this should all be turned over to the Agriculture Department, and ever since the work has been expanded to cover outlook reports, acreage and marketing guides, land-use studies, and other periodic publications on marketing and prices. It was never the original intent to regiment farmers to the point of telling them how much they could market and what they should grow, limiting acreages, etc., but, of course, in those days we did not have price supports, and it should be stated here that the farmer did pretty well on his own, making his decisions as he saw fit. For over 80 years he was the master of his destiny but, of course, today this has all changed.

Before World War II we had more than 30 million people living on farms; by the end of the 1940's this number had declined to about 25 million, and today, it is down to somewhere between 20 and 21 million. This represents a decrease in our farm population of nearly 10 million, or almost a third, in about a generation. It must thus be assumed that the return per farmer is much better than is general publicized, as most figures show farm income on basis per acre, while actually there are fewer people to divide the income that is received from agricultural operations. Moreover, the yields per acre, and in turn total production, have increased so dramatically that agriculture has come into its own, even though prices in all cases have not risen to the same extent that advances have taken place in other fields. The farmer enjoys a better standard of living today- owns more mechanical appliances, and at the same time has a smaller debt in relation to his assets.

A new crop report will be issued later this month, but there can be little doubt that many new records will again be set, and this is all the result of crops being raised on about the same amount of cropland, but our acres today are much more productive than ever before. Irrigation, increased use of fertilizer,and better techniques have all brought about this improvement.

Before our market opened we heard that USDA had cancelled its program for exporting government-owned feed grains on credit because it endangered the payment-in-kind export sales, which had been taking place through open market channels. The Department previously had approved credit sales of $40 million, and officials said that exporters were making heavy use of credit sales recently because of the tight feed grain supplies in open market channels.

When markets opened there was little change from yesterday. Firmness in meal brought a little early strength into beans, but this did not last. The wheat market opened lower, and commercial business remains slow. It is expected that some tenders are coming up for Greece for two cargoes hard winter wheat, also for some corn, oats, and barley. The only export business reported today was the purchase by the U K of some corn already afloat, and also for January shipment. The spot corn market was firm, with #1 yellow corn selling at 7¢ over and #2 yellow at 6 1/2 to 7 over. According to The Southwester Miller, bookings of flour are of modest aggregate. Bakers evidently are watching for opportunity to book additional amounts. Mills are not exerting any effort of consequence for business, and there is no great hope of a marked pick-up. Soft flour demand is almost flat.

Primary receipts of wheat were 1,264,000 bu vs 1,440,000 bu last week, and 970,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a net increase of 44,000 bu.

We were advised from the Southwest that reports from that area indicate country selling of wheat has slowed down since the recent break in premiums; also that the snow covering in the Southwest is very little, except amounts that fell yesterday in southern Nebraska.

UHLMANN GRAIN CO.

DAILY MARKET LETTER

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CHICAGO, 4 December 10, 1958

USDA officials from Secretary Benson on down are energetically pointing out that new wheat legislation is a "must." In a recent speech, the Secretary warned that drastic consequences may result if new wheat legislation is not enacted by Congress promptly in early 1959. The Secretary declined to specify exactly what changes he wants but new recommendations are supposedly being worked on by Department economists. Mr. Benson also commented that tobacco and peanuts, along with wheat, are in trouble and argued that government spending for price support programs would have been much smaller this year if Congress had listened to his appeals for more freedom for farmers. He said that even with littlelegislation the Department has been able to get on price supports, they have expanded markets and cut costs to taxpayers by a billion dollars in 1958. While the Secretary did not tell exactly how this estimate was computed, Department officials said it meant an eventual saving in the cost of supporting prices of this year's record-smashing crops. They estimated that if the Department were still operating under the pre-1954 farm law, which fixed price supports for larger crops at 90% of parity, the government's net loss for the handling of 1958 harvests alone would have been a billion dollars higher. The net realized loss on price-support operations for the fiscal year, ending June 30, 1957 totaled $1,299 million, which compares with a figure released today showing the net realized loss from such operations for the fiscal year ending June 30, 1958 at $1,006 million.

Under Secretary of Agriculture True D. Morse, in a recent address, also called attention to the difficulties surrounding wheat and tobacco, and pointed out the difference between conditions affecting cash crops as compared to the livestock industry. Government farm programs for livestock have been largely held to discretionary actions and temporary activities to help meet occasional distressed situations, which is quite in contrast to the mandatory, rigid programs written into law for some crops. Mr. Morse also pointed out that equally in contrast is the progress of the livestock enterprises when compared with the damage that has been done to some farm products through unwise legislative provisions. Markets for most livestock products have been expanded and incomes to farmers increased while the cost to taxpayers for livestock programs has been comparatively modest in contrast to the billions of dollars of cost of crop programs, with many important crop problems still largely unsolved.

The Kansas weekly crop report stated that improved moisture and intermittent growing weather resulted in additional root development of wheat, especially in western areas of the state last week. More surface moisture is still needed in the Southwest, and south central sections and locally elsewhere. In east Kansas late wheat plantings have generally emerged but many stands are spotted. Wheat from the 1958 crop was moving to market from areas where current prices exceeded the loan rate. The Nebraska weekly report said that winter wheat and other fall seedings were further benefited in western counties getting rain and snow last week. The light snow cover in other parts provided some protection from low temperatures. However, central and northern sections of the state are short of surface moisture. Other crops, as well as pastures, need relief from the extended dry spell. Much of the wheat crop has entered the dormant stage.

Broomhall's Foreign Crop Summary says European weather conditions are satisfactory. In the U K, it is thought a reduction in fall wheat acreage will be less than anticipated earlier. Seeding work is almost completed in France, and private ideas range around the same acreage as last year. Most areas of western Germany report fall planting completed and conditions satisfactory. Harvesting has advanced in Australia and official estimates show a 180 million bu crop, although the Wheat Board estimated it at 214 million bu. Conditions in the Argentine are favorable for the maturing and harvesting of wheat, and a crop of 10% larger than last year's 213 million bu is expected.

Primary receipts of wheat were 775,000 bu, vs approximately 1 million bu last week and 642,000 bu last year. So far this week Kansas City and Minneapolis wheat stocks show a decrease of 176,000 bu.

Markets were firm with nearby months of wheat, beans, and corn gaining on the deferred futures. Soybean meal was also higher and cash meal is reported very firm. The spot corn basis was quoted at 7 over --about the same as yesterday. December wheat in particular was strong.

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CHICAGO, 4

December 11, 1958

Sometimes the biggest speculative markets come in years when the crops are small and when speculation is encouraged, and on many occasions markets are broader and more active as prices advance. On the other hand, we have had some very satisfactory markets when large crops were raised because a good many commercial hedges have naturally had to be absorbed, and the constant changing from one delivery month to the successive one created business and gave us activity. During the current crop season, we have had neither of these conditions. The wheat crop was so large that naturally a good many speculators, even mindful of artificial conditions, refrained from entering into commitments. For 1958, wheat futures trading is estimated at 4.8 billion bu, which would be about 4% less than last year when the crop was much smaller. In addition to this, hedging in wheat futures, which has now passed its seasonal peak, did not reach the high levels of either 1956 or 1957.

Thus one must conclude that in addition to heavier impoundings that have taken place thus far, more wheat is being held back, some of which may eventually go into the loan to create this situation, or if this surmise is incorrect more industries which hold cash wheat have not hedged their positions. We say this after some thought because exports are just about the same as they were a year ago at this time, and domestic consumption will not vary a great deal from the 1957 figures. In any case our markets have been extremely dull. The records do show, however, that hedging in soybeans has been at the highest level since CEA records have been kept, and as a matter of fact the hedging utilization of cottonseed oil, soybean oil, and soybean meal markets increased steadily in the last half of 1958. The largest volume increase among the 21 commodities under CEA regulation during the year was in soybean meal, with a record of 10.6 million tons, which was 82% more than in 1957. Thus it shows that when the risk increases, hedging transactions likewise increase.

Corn futures trading for 1958 amounted to only 2.1 billion bu, making allowance for December estimates, which is 6% larger than in 1957, and the crop is also larger. Rye trading of approximately 900 million bu was 6% smaller than the year before. It is estimated that the reduction this year in overall soybean futures trading will be off about 1.4 billion bu from last year, and this has been particularly harmful to the Board of Trade, and, of course, is also disappointing in view of the record crop that was raised.

There were very few new developments overnight except that about 460,000 bu wheat had been tendered lat yesterday on December contract. Most deliveries seem to be going to a local house that has both speculative accounts and an elevator interest.

It is not possible for us to determine what disposition will finally be made of this wheat. Some shipments will undoubtedly be made from Chicago, further reducing our stocks. While we are not a protein market, the quality of the wheat here is very good, which makes it attractive to shippers, and for this reason we believe that Chicago prices will advance until we come much closer to the loan level later in the season. There was not a follow-through of yesterday's buying, probably due to the fact that some of the export orders, which had been expected, failed to materialize.

Primary receipts of wheat were just around the million bu mark, which was slightly less than last week and compared with 701,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net decrease of 264,000 bu.

Wheat was somewhat lower, and the possibility of more tenders on December contract probably had some influence on sentiment, but we noted that a mill bought December wheat modeately against the sale of March, and the spreading difference did not show too much change from the day before. Early in the session locals were fairly good buyers of beans, but they reversed their position later on, thus giving us a lower close. Commercial business was rather slow all around, but the country is not selling on a heavy scale, so that there is not much pressure. We believe in due course of time that with farm prices lower than the loan that processors may have to come to Chicago for replacement stocks if grindings keep up at their present pace. The spot market in corn was 6 to 6 1/2 over December, and the nearby delivery sold within a fraction of the March price. Rye was lower with weakness at Winnipeg.

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CHICAGO, 4

December 12, 1958

We have on several occasions recommended to the Department of Agriculture that they consider the Domestic Parity Plan for wheat. We have never advocated that it be used generally to cover all commodities. For one thing we think that farm programs that have been tried for corn were completely ineffective. First of all, 85% of the corn never leaves the county in which it is raised, and since the bulk of it is fed, there is only about 15% of the corn that moves to market, and whether the price is a little higher or a little lower is not of the utmost interest to producers, although it is this comparatively small quantity that generally establishes the price. If we are to have a program at all, it should be for the finished product: namely, for hogs and cattle, but in recent years feeders have been doing very well without government help. As a matter of fact, the government cannot guarantee all farmers a fixed level of income any more than government can guarantee every businessman a profit or every worker a high annual wage. The government cannot guarantee that every doctor will have enough patients, or that every manufacturer has so many customers for his goods that he will continually be prosperous.

Actually most of our agriculture is free today. Out of more than 200 commodities that farmers produce, there are only 22 under price support. Only 6 so-called basic commodities, which bring in less than one-fourth of farm cash income, are subject to marketing quotas. Farmers know more than anyone else that socialized regimentation strikes at the very heart of the free enterprise principles, which are basic to the high American standard of living and progress. When the Department of Agriculture recently tried to estimate what the two-price system might cost the taxpayer, they figured that payments would range from $7 1/4 billion for 90% support on basis of production in the years 1952 to 1956 to over $10 1/2 billion for unlimited support. In these calculations, however, they figured that every farmer who raised ducks, geese, chickens, or string beans would get a handout. This, of course, was never our intention because most of the farmers even at present are not receiving much government help. Even if we accepted the above figures and tried to interpret them one should recognize that such estimates are gross cost to the government. The net costs, of course, would be lower if most of the current programs for price support and surplus disposal would be eliminated. In 1956, for example, the realized cost of programs primarily for the stabilization of farm prices and incomes totalled nearly $2 billion, and no estimates of administrative costs of payments under these programs were included. We should like very much to see a more realistic study of the situation in view of the fact that the present program for wheat has been a dismal failure and has done nothing but help to accumulate the largest surpluses in the history of this country.

Primary receipts of wheat keep running around the million bu mark, and they were slightly under that today, which compared with 707,000 bu last year. Kansas City and Minneapolis wheat stocks show a net decrease of 319,000 bu so far this week. When the visible supply of wheat is posted next Monday it will compare with a decrease last year of 5 1/4 million bu. According to Broomhall, wheat and flour shipments for the week were 5.2 million bu, and since July 1st have totaled 166.5 million bu, which is just a shade less than for the same period last year. Our corn exports for the week were 1.8 million bu, and total 34.2 million bu vs 37.5 million bu a year ago.

Markets were generally on the easy side. Heavier tenders of wheat on December contract have widened the carrying charge from December to March, and there was also a fair amount of liquidation of the March future, but it held relatively well. This was probably due to hedgers lifting their March positions and selling July. An operation of this kind brought weakness to the new-crop months. Corn was lower, and the spot market also declined. There was not too much feature, but #2 yellow corn was 5 1/2 over December, and the country was a light seller. Beans were higher, influenced mainly by the strength of the January delivery. Short covering was in evidence, and prior to this time processors had been buying January which makes us feel that deliveries next month could be light. Heavy snow warnings were issued for the Southwest.

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CHICAGO, 4 December 15, 1958

According to one Washington writer, who publishes a letter twice a month, he starts off in this way: "Wheat is in a mess. The situation borders on the desperate." There can be little doubt that the position of some crops is rapidly becoming critical and if unchecked it might soon become disastrous. Mr. Benson himself admits that we cannot continue under the present wheat program, and in his w ords "something must give." He calls attention to the fact that we have cut back harvested wheat acreage by over 20 million acres since 1949-- yet under artificial pricing we now have by far the greatest wheat surplus in our history. At the present time there is about $3 billion wheat tied up in the surplus, but the big upsurge from this year's record crop has not yet come in. Export subsidies on wheat and flour are costing hundreds of millions. Storage charges are at the rate of $1/2 million every day, and they will be going up to around $700,000 a day within a few months. This means that the cost of carrying wheat is a load to the taxpayer of nearly $30,000 for every hour of the day and night, and if we would include other surplus grains that are stored, the cost to the country is at the rate of about $60,000 per hour. Thus there can be little argument that we are in trouble, particularly if next year's wheat crop is another big one, although chances are yields will not be as heavy as they were last summer.

It is quite obvious, however, that we cannot continue the 55-million-acre minimum acreage allotment under technological conditions that will continue to pile up surpluses at the rate of 200 million bu or more per year. Our exports are keeping up at a better rate than might ordinarily be expected. The government still believes that at least 430 million bu, including flour, will be shipped during the current season. This would be 30 million bu above 1958, and a reflection of some increases under government programs, together with crop reverses in a few major importing countries. Wheat exports from July through October reached a figure of 135 million bu this season against 133 million last. In this 4-month period, shipments to Europe were larger while those to Japan and India were smaller. Western Europe is expected to import additional quantities of wheat to replace wheat damage by adverse weather during the fall harvest. However, even assuming that all this is correct, we will still have a carryover reserve of 1.3 billion bu next July, which is more than two years' domestic consumption, and we can only foresee larger quantities in government hands with the operation of the government program which is being administered.

There were early reports, although not confirmed, that India had bought somewhere between 30 and 45,000 tons hard winter wheat via the Atlantic and Gulf ports. This gave us a firm opening but there were some realizing sales that followed almost immediately. USDA calculates that the amount of U.S. wheat on-hand for export or carryover on December 1st was 1,850 million bu vs 1,389 million a year ago. This is after a full year's allowance for feed and seed, which they estimate at 105 million bu this year, or a little more than last. Israel was reported to have purchased 3 cargoes soybeans, which gave us additional firmness in that market.

Wintry temperatures are still with us although it is not as cold in the Southwest as in other parts of the country. Very few complaints are being heard as there is some snow-covering. Actually new crop months have been under pressure by hedgers who have gone far ahead, apparently fearful that the nearbys might tighten further. March wheat is already selling at about 3¢ over May.

Statistics were of no particular consequence. The corn market was weak, particularly December in spite of a few parcels that were purchased by the U.K. The country sold very little. There was no evidence of hedges being covered in wheat against the sales to India, but the market had a firm undertone, although no real participation on part of longs. Chicago wheat stocks decreased 374,000 bu for the week, leaving less than 11 million bu here. In corn there was a heavier local decrease of 1.3 million bu, and the bean stock declined 409,000 bu, but including the afloat supply there is 14.7 million bu in Chicago. Beans were firm, and processors bought the March; otherwise there was no special feature, except that the price level is still considerably under the loan. December rye was strong and gained more on March. Chicago stocks are not burdensome.

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CHICAGO, 4

Dec. 16, 1958.

While yesterday's farm ballot has not been completely counted, it looks very much as though producers had voted overwhelmingly to continue marketing controls on rice, cotton, and tobacco in exchange for relatively high price supports. This is extremely disappointing to us because nobody has a greater stake in a free enterprise economy than farmers themselves. The American farmer has always accepted responsibility and, in our opinion, has believed in individual freedom, and we had hoped that he would reject the steady encroachment of an all-powerful central government. In view of the fact that the farm program has been so unsuccessful it should have been a warning that a handful of government officials know less about the management of farms than farmers themselves. It must be abundantly clear that technological developments are irreversible and that we can do little, if anything, to control production.

We have tried by devious methods to reduce acreages but last summer proved that bumper crops could be grown on the smallest sown acreage in the last 40 years. Furthermore, farmers know that once controls are started they merely breed more controls. Just as we have been the most favored of any nation in our heritage, so it is equally important that we bear the greatest responsibility to protect and pass on those blessings to the generations to come. If farmers had enjoyed more freedom during the past decade, the cost of farm programs would have been much smaller, and this year's budget , to be specific, would have been considerably less. Furthermore, we probablywould not have had the inflation that caused a rising spiral every time food costs advanced. Fortunately, most of the American agriculture is free today, and only the few crops with which government has interfered by attempting price-fixing and futile controls are in real trouble.

Before our market opened there was not much to guide it. Weather is of no real concern and on Friday of this week we shall have an estimate of the seeded acreage and indicated production of winter wheat, as well as acreage and condition of rye for harvest in 1959. Tomorrow, the USDA will publish its annual summary of acreage, yield per acre, production of all crops for 1958, etc., but no great surprises are expected anywhere along the line. It is our own feeling that while the outlook for the winter wheat crop is good, we shall probably not raise the bountiful crops that were harvested in 1958. December wheat was purchased early and the open interest in this trading month is still large. Firmness in the nearby future had only a passing influence on the later months. There was some hedging pressure in May wheat; while we did not hear of any large offerings from the country, actually in the Southwest they had been lighter this week ever since the price decline occurred. There was a fair quantity of corn booked at 5 over Decemberfor December shipment to Chicago. We also heard of a moderate-sized sale of soybeans to be shipped out. The price was a cent better than previous business which took place several days ago.

India bought a cargo of milo but otherwise there was not much activity in export circles. The government selling of corn under subsidy was not particularly heavy but we note that fairly large tenders on December contract went into varied hands, including commission houses and some commercial interests.

Primary receipts of wheat were 1.2 million bu, or practically the same as last week and compared with 820,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 84,000 bu.

There was not much feature to the wheat market, but buying of December attracted considerable attention, particularly as the open interest is still large at 6 million bu, and after today there are only 2 trading sessions left before expiration. The deferred months were not affected much by this buying, and new-crop futures were a shade lower. December corn, which had been rather weak yesterday, reversed its action this morning, and there was a gain as compared with the later deliveries. Trade on the whole was light, and there was no particular feature. Holland bought a few parcels of corn, but otherwise there was not much commercial interest noted. Beans were quite firm. The buying of January kept that delivery a little stronger than some of the other months, but a processor purchased March. We understand that Israel is asking for offers this afternoon on two cargoes of soybeans for February/March shipment. There is still a large open interest in December rye, and it seems to be liquidating slowly. Firmness was noted.

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DAILY MARKET LETTER

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CHICAGO, 4 December 17, 1958

After the close of the market yesterday, the Agriculture Department released figures showing the amount of wheat and soybeans under price support. For wheat, the agency showed that a total of 472 million bu had been impounded through November 30th. This was far above the 176 million bu under price support by November 15th last year and the 185 million bu under support through December 15th last year. It will be noted that there is no exact comparable period. The trade, however, construed the wheat report as slightly bearish, despite the large quantities under loan. First of all, the increase over the month earlier was only about 19 million bu. In addition to this 7 million bu of wheat was redeemed during the period, so that the net increase for the month was only about 11 million bu. As matters now stand the total taken into the loan is 472.1 million bu, and the total amount taken out is 18.3 million bu, so that actually there is about 454 million bu impounded. At this rate with two months to go we shall probably not reach the high figure which had been spoken of earlier in the season. Therefore, with a crop of nearly 1,450 million bu, the tightness at yearend may be less pronounced than most people had visualized.

On the other hand, Chicago has a situation of its own, as about the only time we attract large stocks of free wheat to our market is early in the season when local supplies come here. The high freight rates precluded the possibility of getting supplies here from outside markets, such as Kansas City and Minneapolis. The result of all this is that we have the largest wheat supply early in the season, and from that time on there is a gradual drain from consuming sources. The hard wheat that is in Chicago, as well as the yellow hard wheat, is in good demand and is bringing good premiums over the future. There is less than 5 million bu red wheat here in the contract stock, which will have to last for 6 1/2 months. The pinch is already being anticipated, with December wheat showing great firmness, and this in turn is influencing March wheat, which has been gaining over May. The outcome of all this may mean relatively higher prices for Chicago wheat than in the Southwest, or possibly even in the Northwest. In these circumstances, we cannot get too bearish on old crop positions in our market.

The wheat situation is fraught with many handicaps and obstacles. We have called attention to these in our market letters with intermittent regularity. Secretary Benson hinted yesterday that he would like to abandon the historic parity formula for fixing farm price supports, although declined to say whether he would ask Congress next year to scrap what he called the unrealistic parity yardstick. Undoubtedly, the old formula is outmoded under a system of technological advancement in crop yields. The old formula, which is based on a bushel of grain or other commodity, does not take into account the full return from an acre of land, which is a more modern concept. Therefore, the aim to provide farmers the same purchasing power they had during the base period is not a truly honest comparison with the yields of farm commodities nearly twice as great as they were during the 1910-14 era. In our opinion the Domestic Parity Plan would accomplish much more for the wheat farmer, in that it would restorehis normal markets and still give him a reward if prices lagged in comparison with the various articles he purchased. The old and outmoded program has been responsible for much of the inflation in our economy and has been costly to the taxpayer, besides building up unneeded and unwanted surpluses.

Primary receipts of wheat were smaller at 899,000 bu, which compared with 775,000 bu last week, and 480,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 84,000 bu.

Wheat was somewhat firm at the start, and there were some hedges covered against the cargo of wheat sold to Pakistan. Later on selling was encountered, and with other commercial business low the market declined. The open interest in December wheat went down 1 million bu yesterday, but is still big. Corn was weak, and while the country is not selling much the demand is also rather slow; it declined, and carried oats with it, although the December was relatively firm. The deferred months of beans held relatively better than the nearbys. Impoundings are 67 million bu compared with 22 million bu last year, but of course the crop is so much larger. Stop-loss orders were uncovered, and the two cargoes that were finally sold to Israel had very little influence. Formosa also bought half a cargo. Rye declined with other grains.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 18, 1958

One of the greatest assets the American farmer ever enjoyed was the operation of a continuous market, where during any hour of any business day, in war or in peace, in prosperity or in panic, he could sell his grain on the Chicago Board of Trade at a market value that was known to all men. A continuous market of this kind is difficult to evaluate. Surely it is impossible to state it in definite terms, but any one who has been called on suddenly to sell a house or a farm, or for that matter, anything for which there were no organized exchanges, can doubtless appreciate both the promptness and the efficiency of organized exchange prices. Our markets unfortunately are drying up through various government programs that have stifled trade and have made the laws of supply and demand less operative than in normal times.

It is a question, then, why there is not more opposition to these programs either by farmers or by those who are handling grain. While these enormous accumulations are taking place, even the record-breaking crops of 1958, amounting to 8.4 billion bu, including grains and oilseeds, were put under cover during the summer and fall months without any serious storage difficulties. There were, however, huge increases in both commercial and farm storage during 1958, and it is estimated that 600 million bu new commercial space was made available for the first time during this calendar year. Under the U.S.D.A. farm loan storage program, about 10,000 farmers received loans to increase storage by more than 57 million bu through October. Because of the private building of new storage, there was no need for government to expand its facilities, and for the second consecutive year they did not add to the 987 million bu of capacity that they already possessed. With farmers in a position to rely on government loans, it is understandable how so few were affected by the smaller volume of trade in the futures market. By the same token we can explain why the people in the business, who are building up a vested interest in the perpetuation of a bad system were not inclined to fight an economy which many knew in the long run would be detrimental to our way of life. Many uneconomic steps were taken by the government itself to prevent congestion at terminal markets. It shifted about 250 million bu of CCC- owned grain to new locations in order to help relieve storage-tight areas and put stocks in position to fill available outlets. It assisted farmers in the financing and construction of adequate storage space. With the record increase in bin storage that occurred this year, it is expected that we shall carryover more than 4.4 billion bu of various commodities going into the 1959 harvests. This would be about 1.2 billion bu more than the 1958 carryover. Even with normal production in 1959, storage needs next year would be increased substantially, calling for a comparable increase in storage capacity. Any well informed person must realize that conditions of this kind cannot continue forever. At some point along the line we are bound to reach the saturation level.

The government report issued late yesterday increased an already large wheat crop to a record high of 1,462 million bu. It was an increase of about 12 1/2 million bu over the previous estimate and was construed as slightly bearish, although other factors came to the foreground, as, for example, the tightening situation in Chicago with accumulated supplies taken by commercial interests. Of course, the big tie-up under loan is a factor as Chicago is not getting much additional wheat from surrounding areas. The corn crop was increased 15 million bu, but this was hardly a factor on a crop that is already at record levels. Beans showed no change but the sorghum crop was reduced by about 24 million bu, while in oats there was an increase of about 3 million.

Statistics did not count for much. A good deal of the business was by way of winding up contracts in the December futures. The only wide fluctuation was in December rye, which expired at a very big premium over March. Elsewhere there was no undue excitement. December corn was rather weak and wheat showed very little change from the previous day. The deferred months were a little higher but flour demand is still slow. Some commercial buying came into March wheat. Beans were not too active. An elevator house bought both January and March. There was also some changing of hedges and some of the commercial interests are putting short positions into the later months.

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DAILY MARKET LETTER

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 19, 1958

One of the real "greats" in industry once made the statement that he would prefer to have a market for his products rather than to own a factory. This was David Austin, a Director of the U.S. Steel Corporation; thus he created a familiar saying concerning our modern economy. He went on to explain that one can even have the production done by others but to open new markets is the businessman's first concern. The government in establishing farm programs has been completely oblivious of the importance of organized markets, and their sole aim was so short-sighted as to merely give the farmer a temporary advantage irrespective of secondary consequences. Any nation as resourceful as ours can pay heavy subsidies to sell wheat, corn, or beans, but after all, this is only a temporary expedient and certainly not a very feasible one in the long run. We can also give away products to the underprivileged, but if by doing so through barter or in exchange for foreign currencies, there is a limit to how long these transactions may be carried on without affecting our owneconomy, either through an unbalanced budget or through higher taxation.

The marketing of grain has beenconsidered in all countries, and at all times, a matter of grave public concern. In modern times the great central grain markets have reached an importance in the distribution of food supplies never before attained. For any government toignore these important issues in establishing agricultural programs, is an error that may cause serious consequences if not immediately recognized. The use of the broad hedging facilities will again be needed, but the drying up of trade in our futures contracts resulting from the various artificial measures that have been adopted is of such prime importance that it should be called to the attention of every legislator who recognizes full well that the surplus problem is serious but who yet has done little to encourage marketing of agricultural products through normal channels of trade.

The House Committee last year approved a two-price plan for wheat under which producers would receive high supports for that portion of their crop estimated to go for domestic consumption. The rest of their crop, unsupported and free, could move for export at world prices. However, the measure was not passed and there is still administrative opposition to it for reasons that we cannot understand. It is high time that we become realistic and conscious of these problems rather than to cater to political whims, fancies, caprices, etc. to help menga in office.

Before our market opened there was not too much to guide it. Colder weather is in prospect but this is hardly a factor at the moment. A government report that will be issued after the close tonight will probably indicate another year of heavy production of winter wheat, although it is doubtful whether we shall reach the same high goal as last summer. According to Broomhall, conditions in Europe are satisfactory in most sections, with adequate moisture, and recent rains have improved the outlook in a number of sections.

The expiration of December contracts yesterday did not furnish a clue for any direct market activity, although we would assume that rye will remain firm and possibly tight throughout the season. Also, March wheat should feel the effects of dwindling supplies in Chicago and aside from any consequences from the amounts under loan, we could have a distinct and separate situation here owing to the fact that it is not possible to attract free wheat from outside markets, and the amounts from our own territories are not large enough to cause much pressure on our market.

Primary receipts of wheat amounted to 1.1 million bu vs. 969,000 bu last week and only 646,000 bu last year. Kansas City and Minneapolis stocks show a net increase of 95,000 bu so far this week. When the wheat visible is posted on Monday, it will compare with last year's decrease of 6.3 million bu.

Wheat was inclined to be easy early in the day, but later firmed. The estimate on winter wheat, which is due after the close, will compare with 906 million bu estimated a year ago at this time, but the crop turned out to be 1,180 million bu. Two years ago the December estimate was practically the same as the final figure. Corn was firm, but there was no particular feature. Beans rallied on moderate buying orders; besides this, there was lifting of hedges in January against sales of March, and Mayby commercial interests. It was a very dull day in most pits.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 22, 1958

After the close of the market on Friday, the crop production estimates were given by USDA, indicating a winter wheat crop of 957. 3 million bu, based on present conditions. They anticipate that the yield per seeded acre will amount to 21. 2 bu, and they show increased plantings of about a million acres so that we still have a chance for a big winter wheat crop next summer, but it is hardly likely that we shall raise 1, 180 million bu as we did in 1958, even though the present estimate is somewhat better than it was a year ago at this time. Even if there is no improvement between now and harvest, it would still give us the fifth largest crop of record and the yield would be 17% above average. The current forecast of production assumes normal weather, insect and disease conditions for the remainder of the 1959 crop season. In the last 20 years the average variation (plus or minus) in theU. S. production estimate from December 1st to harvest has been 125 million bu, ranging from a maximum of 274 millionbu to a minimum of 5 million bu. We are further told that the acreage seeded to winter wheat in the fall of 1958 was not influenced by the Acreage Reserve Program, although an increased amount of wheat acreage moved to the Conservation Reserve Program. The fact that seeded acreage now is only about 1 million acres larger than lastyear suggests closer grower-adherence to allotments, as well as a shift of some of the 1958 acres in the Acreage Reserve to the Conservation Reserve in 1959.

Kansas, which is ordinarily the largest of the winter wheat states, has a prospect of raising 208. 6 million bu, whereas in 1958 they had a crop of 291. 2 million bu. This decrease has been suggested despite generally favorable fall weather, which permitted seeding to progress in a satisfactory manner, although in some areas lack of moisture made the season less favorable than a year ago. Germination was good to fair except in dry areas. In Texas, rains during the late summer months provided excellent moisture for early sowing of High Plains wheat, while in Oklahoma the fall-seeding season was more favorable than usual with the crop developing because of good subsoil moisture reserves.

There was little other news to guide our markets this morning. We note that for the first time this season exports of wheat and flour as given by Broomhall are ahead of last year by about 4 million bu. For the week we cleared 5. 7 million bu wheat and since July 1st we have shipped 176. 3 million bu. While there is not much talk of large exports in corn, we note that weekly shipments were very large at 5. 3 million bu, and the total since October 1st of 44. 6 million is somewhat better than last season. There was a little buying of wheat futures when our market opened, and it is difficult to say whether this was against commercial business, although late Friday the U. K. purchased a cargo of hard winter wheat for January shipment. Generally export business at this season of the year is quite dull before the holidays. There is little comment about weather, although temperatures Southwest are rather mild, and generally speaking, the winter wheat plant is dormant. Some snows would be welcome as a protection against frigid weather, which often comes in January.

Chicago wheat stocks declined 422, 000 bu during the week leaving 10. 5 million bu here. The local corn stocks decreased about 1 1/4 million bu, and there was a small increase in the local oat stocks. Bean stocks declined 232, 000 bu, but including the amount in elevators and afloat we still have 14 1/2 million bu of beans here.

The market was rather inactive. New crop wheat futures were firm, probably reflecting a little bullish sentiment because of the government report on Friday. Old crop months, however, were slightly lower, and commercial business on the whole is extremely dull. Corn prices declined and, of course, with the very large crop it is difficult to work up a lot of bullish enthusiasm except the farmers are not selling much, and therefore pressure from that source is very light, although better today. Beans were quite firm for January and March, but later months were somewhat lower, and there may still be some hedges being placed in the distant futures, but we saw less evidence of this taking place today.

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CHICAGO MERCANTILE EX.

December 23, 1958

When Congress reconvenes in January, we feel certain that agricultural programs will be one of the "top rank" items for consideration. If someone had asked us three or four years ago what procedure might be followed, it would have been our guess that higher supports for basic crops would have been urged by those just coming into office, who considered that it was a mandate from rural sections to give the farmer ever higher returns for his labors. For a long period the most important factor in determining a program was the price that the agricultural producer was entitled to in comparison with the products he purchased. Insufficient thought was directed toward the building up of stocks, the ever-increasing surpluses, the heavy costs to government, and the storage costs of grain while it was held, and the final losses that were taken in the disposition abroad.

Congress conferred upon CCC great powers of establishing high subsidies in order to get our surpluses into foreign channels. In looking over some of these items, we find that during the twelve-month period that ended June 30, 1958, commodities that had cost the government close to $3.5 billion were sold. In addition, products costing $748 million were disposed of in the four months July 1st - October 31st, 1958, bringing the sixteen-month total to $4.2 billion. This is quite an achievement. However, the difference between cost value and the proceeds amounted to $1,251 million, which represented a loss to CCC. This in itself would not have been so bad, except for the fact that as government inventories were reduced, there was a bigger offset by the acquisition of new products under the price-support program, with the result that last July we had more of the surpluses on hand than we had the year before, so that the same problems of accumulation remained with us. Then, of course, there were other expenses and charges too numerous to mention here. We would imagine that storage alone amounted to a figure of $400 to $500 million annually.

These direct price support activities of CCC represent only a part of the Agriculture Department's over-all program for stabilization of farm prices and income. The International Wheat Agreement, for which we do not have full figures, entailed costly expenditures. Then there were commodities sold for foreign currencies under P. L. 480, and there is some doubt whether we shall ever fully utilize the moneys thus acquired. Then there was the Soil Bank, which required additional expenditures to carry out this program. Commodities costing $214 million, or about 5% of the disposal total was bartered. For this, at least, we obtained some strategic materials that may come in handy. Additionally there was about $375 million worth of commodities that were transferred to and paid for by other government agencies to carry out special distribution operations. Then there were donations of CCC-owned surpluses during this period for use in school lunch and relief programs, both domestic and export, which had a cost value of $446 million.

We are not attempting to appraise the value of these gifts except to point out that they have been costly and we might add that during a period of a little over five years Commodity disposed of $14.6 billion of surpluses, and the handling of these in many cases disrupted our marketing activities even though it was not the intent to interfere with normal trade channels. Nevertheless, commercial business on the exchanges has been declining, and the real markets on which farmers depended have gradually been drying up.

Primary receipts of wheat were a little less than 1.5 million bu which compared with 1.2 million last week and 932,000 bu last year. Kansas City and Minneapolis stocks so far this week show a total increase of 52,000 bu.

There are some officials who believe there will be 150 million bu of free wheat in the carryover on June 30th, but in our opinion it is too early to have such definite views. Much will depend on total impoundings and later redemptions. In any case wheat was liquidated and markets were weak. Commercial demand is still poor and exporters are inactive. We may have to wait now until after the turn of the year before any sizable foreign business develops. There was a good deal of selling of March beans, and with the exception of January the bean market was quite weak. The lower prices, in our opinion, may create a little better demand for Chicago stocks. Corn was off fractionally. The spring pig crop is expected to exceed last year's by 13%. There was no surprise, however, in this report. Corn futures and new wheat futures sold at a season's low.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 24, 1958

The farmer may look upon the Christmas of 1958 with great satisfaction. His crops have all been gathered, and he has overcome the obstacles of weather to such an extent that he raised all told 11% more than on any previous record, and the planted acreage was the smallest in 40 years. Weather generally seemed to be working in favor of producers throughout the entire cycle from before seeding until after harvest. Soil moisture was more generally adequate for seed germination and plant growth than in most years. Irrigation water supplies were ample. Moderate temperatures favored full growth and maturity, while the dry autumn aided a rapid and successful harvest. By any standard of comparison he did better than on any previous occasion. New yield per acre records were set by corn, wheat, oats, soybeans, barley, rye, sorghum grains and silage. We could mention a good many other crops that also did well, but suffice it to say production totals rose far beyond other big crop years, even though held down to some extent by below average acreages of most crops. This was the biggest production year of record for wheat, corn, soybeans, barley, sorghums and hay.

Winter wheat made new history, with the yield per acre 28.4 bushels, which was the highest of record, and was nearly 10 bu above average. The spring wheat crop, which was planted later, furnished us a yield of 282 million bu. The yield per harvested acre estimated at 23.5 bu, pushed to a record high and compared with only 14.6 bu average. Soybean production reached a record high of 574 million bu, and it was the fifth consecutive year in which soybeans have set a new production record. The U.S. yield of 24.2 bu per acre was also a record, and this compared with a ten-year average yield of only 20.3 bu per acre. The production of all corn is estimated at 3.8 billion bu, and the yield of 51.7 bu per harvested acre is far above the previous record of 47.2 bu last year. The 1958 oat crop was remarkable establishing a record high yield per acre. However, the acreage was small, and still the crop was the second largest since 1948. Feeding opportunities were highly satisfactory, and the ratio between feed and animals spelled prosperity for those engaged in this enterprise.

While agricultural prices did not come up to some of the highs of previous years, the farmer has still done well. Realized net farm income is about 20% over last year, and total assets at the start of 1959 are expected to be near $200 billion. Debts will probably amount to only 11% of assets. The per capita income of farm people from all sources may be the highest on record this year, and will continue near the record high in 1959. It is very fortunate for the country that this should be the case. Agriculture is a $40 billion market for the American economy, and the result is that when farmers prosper the whole country shares in their well being. Farmers and ranchers are among the biggest customers of American industry, and it is, therefore, a natural consequence that when the farmer has money it benefits the American investor in every type of business. There are 12 million tractors, cars and trucks on American farms. Agriculture buys more petroleum than any other industry--nearly 15 billion gallons a year. In the field of transportation, 16% of the gross freight revenue is from agricultural products. Agriculture buys enough raw rubber to put tires on nearly 6 million cars a year. In the field of chemicals, they use 50 million tons a year. The farmer and the business man have one thing very much in common: namely, a continued struggle for markets. Both are part of the free economy and the free enterprise system.

Again we say that this has been a year in which nature has been generous and provident, and it is proper that we offer our heartfelt thanks as we enjoy these blessings.

WE WISH YOU A VERY MERRY CHRISTMAS.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 29, 1958

We have been having very indifferent markets in wheat for the past few months, and speculative participation in the market has been at low ebb because there were any number of factors that could not be clearly deciphered. First of all, the very large crop, which according to the last estimate of 1,462 million bu is a new high for all-time, has been of sufficient size to scare the imagination of a good many traders. On the other hand, if impoundings had been large enough to give us an artificial situation, some of the usual factors of supply and demand would have been temporarily overcome through the sterilization of wheat placed under support. The slow commercial demand for the past ten days or more has robbed the market of the usual enthusiasm that we have around Christmas time when hedge-lifting often takes place.

Strangely enough, with all the indifference in futures trading, cash wheat prices on December 17th were near the high for the season, and those at Kansas City and St. Louis had advanced 24¢ above the lows of the year, while cash wheat prices at Portland and Minneapolis were up 9 and 13¢, respectively. This naturally brings up the question whether impoundings will be effective enough to create tightness in the market such as we had last year. No. 1 dark Northern spring wheat, ordinary protein, at Minneapolis was selling last week at $2.07 a bu, and No. 2 soft red winter wheat at St. Louis at $2.01, so that both these categories were about 8¢ below their effective support levels. The price of two hard winter, ordinary protein, at Kansas City at $1.95 was 14¢ below the effective support. On the other hand, prices of 13% protein wheat at Minneapolis were about equal to or slightly below the effective support, and in Kansas City from 5 under to 6 over the support according to varieties, while the price of No. 1 soft white at Portland at $2.03 was 3¢ above the effective support. Under these circumstances, it is difficult to say whether the next report on impoundings will show heavy entries, and then, of course, there is always the possibility if the price advances enough to permit redemptions, so that altogether there are still many uncertainties in the wheat situation with all these artificial stimuli.

The action taken over the week-end in France in devaluing the franc had very little if any effect on our market. This was only natural because France as an exporter of wheat in cheapening her currency might make it easier to attract buyers, but on the other hand with our fluctuating subsidy we can always compete, so that there is no real problem from the U.S. point of view. The fact that other European countries had made their currencies more easily convertible to dollars was regarded as somewhat optimistic from point of view of our economy, and the stock market was strong, but here again this had no bearing on the U.S. wheat prices.

According to Broomhall, U.S. clearances of wheat and flour last week were 4 1/2 million bu, and since July 1st we have exported nearly 182 million bu, which is somewhat more than last year at the same time. Our corn exports are also a little heavier. The country sold more corn to Illinois River elevators. The basis was equal to 1 1/2 over delivered Chicago. Our receipts over the long holiday were quite heavy but this was not unexpected.

Chicago wheat stocks declined only 265,000 bu during the week, but of course there were all the holidays so this is not surprising. Local corn stocks dipped 310,000 bu, and there was a decline in bean stocks here in Chicago of 378,000 bu, but including the amount in boats we still have about 14 million bu here.

Markets were mostly on the easy side. Wheat and beans showing the greatest decline and July wheat went below $1.80 per bushel which was lower than it sold last year after which time there had been a fairly substantial advance. Commercial business is still slow and the mills were reporting the same dullness as we had before the holidays. We would not be surprised, however, to see important export demand after the turn of the year, and there might even be some heavy quantities of red wheat sold abroad, which in our opinion could help the Chicago market because of the good quality of soft wheat which we have here. March wheat today gained over the later months, possibly as a result of such thinking. There was a little widening in the spread between January beans and later months despite a good deal of outright buying of January and some further changing of hedges.

Corn was somewhat easier and merchandisers were complaining of the poor demand for shipments out of Chicago.

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CHICAGO MERCANTILE EX.

CHICAGO, 4 December 30, 1958

There had been some rather good moisture over the Texas Panhandle and in parts of our Southwest, which ordinarily would have been construed as bearish on new crop wheat futures. However, markets here have been declining for some time, and July wheat must be about 35¢ below the probable loan next season, which is already at such a big discount that we believe the short side of the market is very uninviting, and we would not be at all surprised to see a technical rally. Last year July wheat did not reach as low a point even with the prospect of a very big crop. In our opinion nature may not be as provident in 1959 as it was in the crop year just ended, and it has been our experience that bumper yields are just as exceptional as are crop failures. The last winter wheat crop was blest with about the most favorable conditions that one could imagine from planting through harvest. While it is true that the outlook this December was a little better than a year ago, we doubt whether the appreciation of 274 million bu to harvest will be matched. Nevertheless, we have the possibility of a total wheat crop large enough under normal conditions to add about 200 million bu to the carryover by the summer of 1960, and under present farm programs, there is certainly no relief in sight, because even a complete disaster would not bring about a permanent solution.

There was a little encouragement in the overnight news that export trade would soon be revived in wheat. Some of the business may be via the Pacific Coast, but there is a good chance that fair quantities of white wheat and nearly 2 million bu red wheat will be sold to UAR under P.L. 480. If this is the case it could easily affect the Chicago market particularly if any red wheat is taken from here. Under these circumstances, we should not be surprised to see March wheat maintain a big premium over May. In the bean market this morning meal futures hadrallied a little before we opened, but still there was some liquidation in beans that carried prices to the lowest level in some time; as a matter of fact, crop lows were registered for all months except the January future, which was still more or less on debatable ground. A good many hedgers keep buying the nearby and transferring to March or futures beyond. Whether tenders tomorrow will be heavy remains to be seen, but for the time being demand for beans out of Chicago is not as keen as it had been a week or ten days ago. There was some fair buying of meal this morning by commission houses, and it also looked as though processors were lifting hedges against sales of the cash article. The Continent bought about half a cargo of corn, but this did not have much influence on the futures market.

Primary receipts of wheat were 1.2 million bu which compared with 1.4 million last week and only 672,000 bu last year. Kansas City and Minneapolis stocks so far this week show a net increase of 54,000 bu.

There was some hesitancy in markets right after the opening but beans turned around rather sharply and gave a much better account of themselves. As we pointed out to our friends before the opening, the market was entitled to a technical rally if nothing more, and apparently this is what we had. There was a better milling demand for spring wheat varieties. Minneapolis wheat futures turned quite strong which in turn helped here, but there was also buying of our March wheat which widened its premium over the later months. As we have been pointing out, demand for soft winter wheat varieties from abroad could have quite an influence on the Chicago market. Corn prices improved considerably, largely on short covering, although the spot market was firm and the country is not selling much. The strength in corn also helped oats, and apparently a sleeping short interest was caught, but the close eradicated this situation and brought ina little new speculative buying. March rye was extremely strong and apparently a good many traders who had liquidated their December positions went into this delivery month. It is selling at a wide margin over May, but with comparatively small stocks in Chicago it could easily maintain that position. We heard of offers going out to Korea tonight for 11,700 tons of U.S. white and hard wheat for shipment from January 20th to February 20th. Some snows were reported during the session, and were mostly in central Kansas.

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CHICAGO MERCANTILE EX.

CHICAGO, 4

December 31, 1958

Another year is drawing to a close. Crop production in 1958 reached an all time high. The production of wheat attained a record of 1, 462 million bu, which was more than one-half larger than the 1957 crop of 951 million bu, and nearly one-third above the average of 1, 116 million bu. The biggest increase, of course, was in winter wheat, and Mother Nature treated that crop as no other wheat crop in recent history. From planting through harvest it was blessed with about the most favorable conditions that one could have asked for. All states except Mississippi, Louisiana and Utah received above average yields, with 19 states moving to record levels, and two states equaling previous record yields. The major producing states of Kansas, Nebraska, Colorado, Oklahoma, Texas and Montana were sharply above average, and exceeded the production of the year earlier by a fair margin. It may be years before we reach this accomplishment again, particularly on a comparatively small acreage, which was second smallest since 1943.

When we look back to the years when wheat plantings ranged from 50 to 60 million acres, and the results were considerably poorer, we must marvel at the technological advancement, as well as the weather, which favored this year's crop.

The soybean production reached a record high, and so did corn. For a time it looked as though the corn crop might not come through with flying colors, due to heavy June rains in the Ohio and Mississippi Valley regions and a few other sections, which caused flooding and resulted in acreage losses. Nevertheless, the good fields more than made up for the bad ones, and finally the abandonment of wet land diverted to other uses, was not as great as had at first been feared. Even the relatively cool, wet summer was not too much of a handicap, and the final results surprised many of the experts who had not predicted a record harvest.

Altogether surpluses were built up to an extent that politicians may have to revise the whole concept of farm programs. It becomes more evident each day that we cannot continue to build more and more storage each year to house the crops for which there are inadequate markets, either at home or abroad. Through October, 10, 000 farmers had received government loans whereby they increased their storage by more than 57 million bu. This, however, was but a small part of the expansion -- there were huge increases in both commercial and farm storage during the year, and it is estimated that 600 million bu of new space was made available during this calendar year. Obviously, we cannot continue this way indefinitely. We doubt also whether farmers can rely on government loans to the extent that surplus crops will be protected to the same degree as those that are needed and used for domestic purposes. Even with a more normal production during 1959, storage requirements will again have to be increased substantially. Storage charges are at the rate of \$1/2 million every day for wheat alone, and according to government estimates will soon reach a figure of \$700, 000 with the accumulations that are taking place. Even payments made under the Soil Bank Program, and the cut back in acreage have failed to overcome the technological conditions, so that we are piling up a wheat surplus of about 200 million bu or more per year, even when crops are not as big as they were this season. This is the case, despite heavy exports under subsidy, and with the use of many programs that are costly, including sales for foreign currencies, which may become devalued and for which we are not always able to buy useful commodities in exchange.

Our carryover of wheat next July will be about 1. 3 billion bu, or 10 times as great as the average carryover reserve in the years 1921-28, just prior to the time that the first farm legislation was instituted. Realized costs of farm programs, primarily for the stabilization of farm prices and income is costing the taxpayer nearly \$2 billion per year, without any estimate for administrative costs. We should like very much to see a more realistic study of the situation in view of the fact that the present program for wheat has been a dismal failure, and has done nothing but help accumulate the largest surpluses in the history of this country. We have gotten into the present scramble through political endeavors to help every segment of our agricultural economy but to unscramble this position, will not be easy, but at least an effort should be made to start before the whole system crumbles of its own weight.

As a New Year's resolution, it might be wise to face these realities, recognizing that the fundamental situation cannot be construed as sound as long as we continue to pile up surpluses for unwanted markets.

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